PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2024

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

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

THE BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book-Entry-Only

Underlying Rating: Moody's: "Baa2"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

$10,130,000
MISSOURI CITY MANAGEMENT DISTRICT NO. 1
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX BONDS, SERIES 2024

Dated: December 1, 2024 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Houston, Texas. Interest on the Bonds will accrue from December 1, 2024, and be payable on March 1, 2025, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS

Due September 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number 606029 (c)	Due September 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number 606029 (c)
2026	$ 225,000				2038	$410,000 (d)			
2027	240,000				2039	430,000 (d)			
2028	250,000				2040	450,000 (d)			
2029	265,000				2041	475,000 (d)			
2030	275,000				2042	495,000 (d)			
2031	290,000 (d)				2043	520,000 (d)			
2032	305,000 (d)				2044	550,000 (d)			
2033	320,000 (d)				2045	575,000 (d)			
2034	335,000 (d)				2046	605,000 (d)			
2035	355,000 (d)				2047	635,000 (d)			
2036	370,000 (d)				2048	665,000 (d)			
2037	390,000 (d)				2049	700,000 (d)			

(a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.

(b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from December 1, 2024, is to be added to the price.

(c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(d) Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS-Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Missouri City Management District No. 1 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Missouri City or any entity other than the District. The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 17, 2024.

Bids Due: Tuesday, November 19, 2024, at 10:00 a.m., Houston Time in Houston, Texas
Bid Award: Tuesday, November 19, 2024, at 2:00 p.m., Houston Time in Houston, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

The Issuer .... Missouri City Management District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas and within the corporate limits of the City of Missouri City (the "City"). See "THE DISTRICT."

The Issue .... $10,130,000 Unlimited Tax Bonds, Series 2024 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from December 1, 2024, and is payable on March 1, 2025, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

Redemption…………….....The Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. See "THE BONDS- Redemption Provisions."

Book-Entry-Only System...The Depository Trust Company, New York, New York ("DTC") 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 and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance……The Bonds are the third series of bonds issued out of an aggregate of $170,031,000 principal amount of unlimited tax bonds authorized by the District's voters on May 5, 2018, for the purpose of acquiring or constructing water, sewer and drainage facilities and refunding of such bonds. The Bonds are being issued by the District pursuant to the terms and conditions of an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), the Bond Resolution, a resolution adopted by the City approving the sale of the Bonds, Article XVI, Section 59 of the Texas Constitution, Chapter 375, Texas Local Government Code, as amended Chapter 3931, Texas Special District Local Laws Code, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS – Authority for Issuance" and "– Issuance of Additional Debt."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City or any other political subdivision or entity other than the District. See "THE BONDS-Source of and Security for Payment."

Use of Proceeds .... Proceeds from the sale of the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to pay for developer interest, and to pay certain other costs and fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Payment Record............... The District has previously issued one series of unlimited tax road bonds and two series of unlimited tax bonds of which $25,090,000 in principal amount remains outstanding as of September 30, 2024 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of and interest on the Outstanding Bonds.

Not Qualified Tax-Exempt Obligations .... The District will not designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Municipal Bond Rating and Municipal Bond Insurance .... Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The fee associated with the rating assigned to the District by Moody's will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Initial Purchaser.

Application has been made to municipal bond insurance companies for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser's expense. See "RISK FACTORS – Risk Factors Related to the Purchase of Municipal Bond Insurance" and MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

Legal Opinion .... Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel.

Disclosure Counsel .... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Financial Advisor .... Post Oak Municipal Advisors LLC, Houston, Texas.

Engineer .... Quiddity Engineering, LLC, Houston, Texas.

Risk Factors .... The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of risk factors, including particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description .... The District was created and established by House Bill No. 4147, 84th Regular Session of the Texas Legislature, codified as Chapter 3931, Texas Special District Local Laws Code, effective June 18, 2015. The District contains approximately 492.75 acres of land comprised of three non-contiguous tracts located approximately 21 miles southwest of downtown Houston. Two of the tracts are located on the west side of the Fort Bend Parkway Toll Road and north of Texas State Highway 6 ("SH6"). The remaining tract is located southeast of the intersection of Fort Bend Parkway Toll Road and SH6. The District lies entirely within the corporate limits of the City and within the boundaries of the Fort Bend Independent School District. See "AERIAL PHOTOGRAPH."

Status of Development…..The residential portion of the District has been developed as Parks Edge and Shipman's Cove, predominantly single-family residential communities. The Developers (as defined herein) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Parks Edge, Sections 3 through 19 (approximately 213.10 acres of land developed into 871 single-family residential lots), and Shipman's Cove, Sections 1 and 2 (approximately 69.62 acres of land developed into 274 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. As of September 30, 2024, there were 871 completed and occupied homes in Parks Edge and 274 completed and occupied homes in Shipman's Cove.

In addition to the development described above, the District contains a gas station with a convenience store and shopping center on approximately 4.36 acres. A storage facility on approximately 4.81 acres and a funeral home on approximately 3.10 acres are currently under construction and expected to be completed and operational by the first quarter of 2025. The District contains an approximately 15.90 acre site owned by the Fort Bend Independent School District which is planned for an elementary school and is not subject to ad valorem taxation by the District, a recreation center with a pool on approximately 3.30 acres, parks and open space on approximately 4.63 acres, and lakes and detention areas on approximately 50.40 acres. Approximately 72.68 acres of developable land in the District are not provided with underground water, sanitary sewer and drainage facilities. Approximately 50.85 acres of undevelopable land are contained in drainage easements, and rights-of-way, and not planned for future development.

The Developers................The Developers in the District are (1) D.R. Horton-Texas, Ltd, a Texas limited partnership ("D.R. Horton") and (2) Ashton Houston Residential, LLC, a Texas limited liability company ("Ashton Woods"), in partnership with M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I" and collectively with Ashton Woods, "Ashton Woods-M/I"). D.R. Horton and Ashton Woods-M/I are collectively referred to as the "Developers". D.R. Horton is the developer of Parks Edge and Ashton Woods-M/I is the developer of Shipman's Cove. See "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS."

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF RISK FACTORS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

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SELECTED FINANCIAL INFORMATION

2024 Certified Taxable Assessed Valuation	$433,044,288	(a)
Gross Debt Outstanding (after issuance of the Bonds)	$35,220,000	
Estimated Overlapping Debt	22,686,772	(b)
Gross Debt and Estimated Overlapping Debt	$57,906,772	
Ratio of Gross Debt to:		
2024 Certified Taxable Assessed Valuation	8.13%	
Ratio of Gross Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	13.37%	
Fund Balances Available as of September 16, 2023		
Operating Fund	$1,503,125	
Road Capitial Projects Fund	$0	
Road Debt Service Fund	$47,019	(c)
WS&D Debt Service Fund	$1,808,808	(c) (d)
WS&D Capital Projects Fund	$98,524	
2024 Tax Rate:		
Road Debt Service	$0.060	
WS&D Debt Service	$0.430	
Maintenance and Operations	$0.410	
Total	$0.900	
Projected Average Annual Debt Service Requirements (2025-2049) of the Outstanding Bonds and the Bonds ("Average Requirement")	$2,367,001	
Projected tax rate required to pay Average Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.58 /$100	A.V.
Projected Maximum Annual Debt Service Requirements (2045) of the Outstanding Bonds and the Bonds ("Maximum Requirement")	$2,515,938	
Projected tax rate required to pay Maximum Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.62 /$100	A.V.

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."

(b) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(c) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Road Debt Service Fund or the Water, Sewer and Drainage Debt Service Fund (the "WS&D Debt Service Fund"). Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Bonds (the "Water, Sewer and Drainage Bonds"). For the 2024 tax year, $0.060 per $100 of assessed valuation is anticipated to be allocated to debt service on Road Bonds and $0.460 per $100 of assessed valuation is anticipated to be allocated to debt service on Water, Sewer, and Drainage Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds and the WS&D Debt Service Fund is not pledged to the Road Bonds.

(d) Accrued interest on the Bonds will be deposited into the WS&D Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Fund.

PRELIMINARY OFFICIAL STATEMENT
$10,130,000
MISSOURI CITY MANAGEMENT DISTRICT NO. 1
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX BONDS, SERIES 2024

This Official Statement provides certain information in connection with the issuance by Missouri City Management District No. 1 (the "District") of its $10,130,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to a resolution authorizing issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the District; an election held within the District; approval by the City of Missouri City (the "City"); Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including Chapter 375 Texas Local Government Code, as amended and Chapter 3931, Texas Special District Local Laws Code, and an order of the Texas Commission on Environmental Quality (the " TCEQ").

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

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City or any other entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residential homes, developed lots which are being marketed by the Developers for the construction of single-family residences and commercial development. The market value of such properties and land is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for property of this type and the construction of structures thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Markets and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such property is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 21 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

Potential Effects of Oil Price Fluctuations 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 within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers (as defined herein) or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2024 Certified Taxable Assessed Valuation of the District is $433,044,288. After issuance of the Bonds, the projected maximum annual debt service requirement will be $2,515,938 (2045) and the projected average annual debt service requirement will be $2,367,001 (2025-2049). Assuming no increase or decrease from the 2024 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.62 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of $2,515,938 and a tax rate of $0.58 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of $2,367,001. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding projected average and projected maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2024 Certified Taxable Assessed Valuation, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Overlapping Taxes

All of the land within the District is also within the corporate boundaries of the City. The City is responsible for the design, financing, and construction of all water wells, water and wastewater plants, and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the District's boundaries. The debt service on bonds issued by the City is paid from ad valorem taxes on all taxable value within the City, including taxable value in the District. Such City taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, the City, and other taxing jurisdictions must be added together. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. The City levied a 2024 tax of $0.570825 per $100 of assessed valuation. Such rate, combined with the tax rate of the District, is higher than tax rates presently being levied by some special districts in the general vicinity of the District. Further, the City has sold multiple series of bonds to finance and maintain infrastructure within its boundaries. The District can make no representation that taxable property values in the District and the City will maintain value sufficient to support the continued payment of taxes by property owners. See "UTLILTY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF MISSOURI CITY," "FINANCIAL STATEMENT" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage and Vacant Lots

There are approximately 72.68 developable acres of land within the District that have not been provided with water, sanitary sewer, storm drainage, and detention facilities and roads necessary for the construction of taxable improvements. Failure of the Developers to develop the developable land or of builders to build taxable improvements on the developed lots could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of this acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT—Status of Development."

Extreme Weather Events

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

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 the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. According to the District's Engineer, none of the developable acreage within the District is located within the 100-year flood plain. Approximately 50.85 acres of undevelopable land within the District lie within the 100-year flood plain. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location.

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

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

Notwithstanding noncompliance by a district with Texas law requirements, the 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 Owner could potentially and adversely impair the value of the Registered Owner's 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 the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

Changes in Tax Legislation

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

Future Debt

The Developers have financed or are financing the engineering and construction costs of underground utilities to serve various subdivisions in the District, and certain other District improvements, including drainage facilities. After the reimbursements are made with Bond proceeds, the Developers will have expended (as of September 30, 2024) approximately $16,449,053 for water, sanitary sewer, and drainage and storm sewer facilities, $1,245,002 for roads, and $2,129,015 for parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the Commission and state law. Additionally, the District presently contains approximately 72.68 acres of developable land not presently fully served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage and to finance roads and park and recreational facilities. The District makes no representation that any additional development will occur within the District. See "THE BONDS—Issuance of Additional Debt."

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following risk factors:

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer and its claim paying ability. The 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 insurer and of the ratings on the Bonds insured by the 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 "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

The obligations of the insurer are contractual obligations and in an event of default by the 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 Initial Purchaser has made independent investigations into the claims paying ability of the insurer and no assurance or representation regarding the financial strength or projected financial strength of the insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

THE BONDS

General

The Bonds will be dated and accrue interest from December 1, 2024, which interest is payable on March 1, 2025, and on each September 1 and March 1 thereafter, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in fully registered form in denominations of $5,000 or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on May 5, 2018, the voters of the District authorized the issuance of a total of $170,031,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and refunding of such bonds. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, $138,076,000 principal amount of unlimited tax bonds will remain authorized but unissued for water, sewer and drainage facilities and refunding of such outstanding bonds. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to the Bond Resolution; an election held within the District; approval by the City; Article XVI, Section 59 of the Texas Constitution; Chapter 3931, Texas Special District Local Laws and the general laws of the State of Texas, including Chapter 375, Texas Local Government Code, as amended and an order of the TCEQ.

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

Source of and Security for Payment

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

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

Funds

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

The District also maintains a Road Debt Service Fund that is not pledged to Water, Sewer and Drainage Bonds, including the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on Water, Sewer and Drainage Bonds, including the Bonds.

Accrued interest and the remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to pay the costs of acquiring or constructing water, sewer and drainage facilities, to pay developer interest, and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

No Arbitrage

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Record Date

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

Registration and Transfer

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

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

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

Issuance of Additional Debt

After issuance of the Bonds, the District will have $138,076,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer and drainage facilities and refunding of such outstanding bonds, $91,775,000 principal amount of unlimited tax bonds authorized but unissued for roads and refunding of outstanding road bonds and $33,227,000 principal amount of unlimited tax bonds authorized but unissued for parks and recreational facilities and refunding of such bonds. The District anticipates issuing additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

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

Dissolution of District

Under existing Texas law, the District may be dissolved by the City without the District's consent. However, pursuant to an agreement with the District, the City may not dissolve the District until the Facilities (defined therein) that serve the District are complete and certain obligations are met. See "UTLILTY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF MISSOURI CITY."

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency'' registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed

Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District was created under Article XVI of the Texas Constitution by House Bill 4147, as passed by the 84th Legislature on June 18, 2015, and operates in accordance with Chapter 3931 of the Special District Local Laws Code, and Chapter 375, Texas Local Government Code as amended. It also has the authority specified in Article III, Sections 52 and 52-a of the Texas Constitution. The District contains approximately 492.75 acres of land and is located within the corporate limits of the City and within the boundaries of the Fort Bend Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to construct thoroughfare, arterial and collector roads and improvements in aid thereof and to establish parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. The District may purchase, construct, operate and maintain public improvements authorized for a municipal management district and may provide for the creation or programs and the making of loans and grants of public monies for the public purposes of development and diversification of the State's economy, the elimination of unemployment or underemployment, and/or the development or expansion of transportation or commerce.

The TCEQ exercises continuing supervisory jurisdiction over the District only for the water, wastewater and drainage projects. The District is required to observe certain requirements of the City which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such

bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District's facilities are subject to the regulatory jurisdiction of additional government agencies. See "UTLILTY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF MISSOURI CITY."

Description and Location

The District contains approximately 492.75 acres of land comprised of three non-contiguous tracts located approximately 21 miles southwest of downtown Houston. Two of the tracts are located on the west side of the Fort Bend Parkway Toll Road and north of Texas State Highway 6 ("SH6"). The remaining tract is located southeast of the intersection of Fort Bend Parkway Toll Road and SH6. See "AERIAL PHOTOGRAPH."

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Land Use

Single Family Residential	Approximate Acres	Lots
Parks Edge Section 3	9.50	40
Parks Edge Section 4	11.00	39
Parks Edge Section 5	6.20	24
Parks Edge Section 6	10.10	47
Parks Edge Section 7	3.50	14
Parks Edge Section 8	13.40	60
Parks Edge Section 9	13.50	60
Parks Edge Section 10	18.20	86
Parks Edge Section 11	20.40	82
Parks Edge Section 12	1.20	8
Parks Edge Section 13	11.00	39
Parks Edge Section 14	6.40	24
Parks Edge Section 15	6.80	31
Parks Edge Section 16	24.00	94
Parks Edge Section 17	19.20	64
Parks Edge Section 18	15.80	69
Parks Edge Section 19	22.90	90
Shipman's Cove, Section 1	36.33	141
Shipman's Cove, Section 2	33.29	133
Subtotal……………..	**282.72**	**1,145**
Future Development…………………..	72.68	
Lakes/Detention………………………..	50.40	
School Site………………………………	15.90	
Commercial (a)………………………….	12.27	
Recreation/Open Space………………	7.93	
Non-Developable………………………	50.85	
Total………………….	**492.75**	

(a) Includes approximately 7.91 acres currently under construction; anticipated to be completed by first quarter of 2025.

Status of Development

The residential portion of the District has been developed as Parks Edge and Shipman's Cove, predominantly single-family residential communities. The Developers (as defined herein) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Parks Edge, Sections 3 through 19 (approximately 213.10 acres of land developed into 871 single-family residential lots), and Shipman's Cove, Sections 1 and 2 (approximately 69.62 acres of land developed into 274 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. As of September 30, 2024, there were 871 completed and occupied homes in Parks Edge and 274 completed and occupied homes in Shipman's Cove.

In addition to the development described above, the District contains a gas station with a convenience store and shopping center on approximately 4.36 acres. A storage facility on approximately 4.81 acres and a funeral home on approximately 3.10 acres are currently under construction and expected to be completed and operational by the first quarter of 2025. The District contains an approximately 15.90 acre site owned by the Fort Bend Independent School District which is planned for an elementary school and is not subject to ad valorem taxation by the District, a recreation center with a pool on approximately 3.30 acres, parks and open space on approximately 4.63 acres, and lakes and detention areas on approximately 50.40 acres. Approximately 72.8 acres of developable land in the District are not provided with underground water, sanitary sewer and drainage facilities. Approximately 50.85 acres of undevelopable land are contained in drainage easements, and rights-of-way, and not planned for future development.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of seven directors, which has control over and management supervision of all affairs of the District. Directors are appointed by the City to serve four-year staggered terms. The Directors of the District are listed below:

Name	District Board Title	Term Expires
Anthony Francis	President	June 2027
Adrienne Barker	Vice President	June 2027
Wilfred Green	Secretary	June 2025
Todd Burrer	Assistant Secretary	June 2027
David Jackson	Director	June 2025
Karen Travelstead	Director	June 2025
Stacy Fields	Director	June 2027

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

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Fort Bend Central Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. B&A Municipal Tax Service, LLC is currently serving in this capacity for the District.

Bookkeeper

The District has engaged Artesian Financial Services, LLC to serve as the District's bookkeeper.

Engineer

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

Financial Advisor

Post Oak Municipal Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Attorney

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

Auditor

As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended December 31, 2023, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's December 31, 2023, audited financial statements.

THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS

Role of a Developer

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

D.R. Horton-Texas, Ltd.

D.R. Horton-Texas, Ltd. ("D.R. Horton"), a Texas limited partnership, is the developer of approximately 213.10 acres in the District being developed as Parks Edge, where 871 single-family residential lots have been constructed. D.R. Horton is the sole homebuilder in Parks Edge. D.R. Horton owns 2.40 acres of undeveloped land in the District. D.R. Horton is wholly owned by D.R. Horton, Inc., a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "DHI." There is no financing associated with the acquisition of the land or the development of Parks Edge.

Ashton Woods and M/I Homes

Ashton Houston Residential, LLC ("Ashton Woods"), a Texas limited liability company, and M/I Homes of Houston LLC, ("M/I Homes"), a Texas limited partnership, each owned an undivided fifty percent interest in approximately 69.62 acres of land which has been developed as 274 lots in the District as Shipman's Cove subdivision. Ashton Woods and M/I Homes (together, "Ashton Woods-M/I") entered into a joint ownership and development agreement to develop the Shipman's Cove subdivision and do not own any single-family undeveloped land in the District. Ashton Woods and M/I were the sole homebuilders in Shipman's Cove.

Ashton Woods-M/I, and D.R. Horton are collectively referred to herein as the "Developers."

None of the Developers nor any of their affiliates is obligated to pay principal of or interest on the Bonds. Furthermore, the Developers have no binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect Parks Edge and Shipman's Cove in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See "RISK FACTORS."

Principal Property Owners

Palmetto/WIHA FB107 LP., a Texas limited partnership ("Palmetto") is the owner of approximately 35.68 acres of undeveloped land in the District, a portion of which is served with trunk facilities. Palmetto is marketing the land for commercial, and mixed uses.

Deaton and Briggs LP., a Texas limited partnership ("Deaton and Briggs") is the owner of approximately 34.60 acres of undeveloped land in the District.

UTLILTY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF MISSOURI CITY

The District operates pursuant to a Utility Agreement between the City and the District, dated as of February 15, 2016, and amended on December 17, 2018 (the "Utility Agreement"). Pursuant to the Utility Agreement, the District assumed responsibility for acquiring and constructing for the benefit of, and for the ultimate conveyance to, the City, the water distribution, wastewater collection and roadway facilities to serve development occurring within the boundaries of the District (the "Facilities") and the City agreed to accept the Facilities for operation and maintenance at the sole cost of the City in consideration for the District's financing, acquisition and construction of the Facilities. For purposes of ownership and maintenance, Facilities do not include parks and recreational facilities or the stormwater collection, drainage and detention facilities. In order to secure performance by the City of its obligations under the Utility Agreement, the District retains a security interest in the Facilities transferred to the City until the District's bonds issued to acquire and construct the Facilities are paid off. It is the City's obligation to set rates and charges for the use of the water and wastewater facilities and to bill and collect such rates and charges from customers within the District. The City agrees to charge residents of the District water and wastewater rates that are nondiscriminatory as compared to other similarly situated customers of the City. All revenues from the water and sewer facilities belong exclusively to the City. The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City's requirements and criteria.

The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity. The District is required to pay an impact fee in the amount of $2,460 per connection for water capacity as may be adjusted per City ordinance from time to time, which impact fee shall be due at the time of platting. In the event that the City cannot provide water capacity to the District when impact fees are due, the District or Developers may advance funds to the City to construct the needed facilities and receive impact fee credit for such funds advanced.

For purposes of receiving wastewater treatment services from the City, the District contains two service areas: the Parks Edge Service Area, the Shipman's Cove Service Area. In order to serve the Parks Edge Service Area, the City entered into a Wastewater Capacity Agreement with Quail Valley Utility District ("Quail Valley") whereby the City agreed to purchase from Quail Valley up to 585,525 gallons per day of wastewater capacity to serve the land within the Parks Edge Service Area within the District. The City agreed to reserve the 585,525 gpd available to the District and the adjacent Fort Bend County MUD No. 48 until full buildout within the Parks Edge Service Area. The Shipman's Cove Service Area is served by the Mustang Bayou Wastewater Treatment Plant. For payment of wastewater capacity in both service areas, the District will pay at the time of platting the impact fee for the Mustang Bayou Service Area at which is currently $5,090. In the event that the City cannot provide wastewater capacity to the District when impact fees are due, the District or Developers may advance funds to the City to construct the needed facilities and receive an impact fee credit for such funds advanced.

The City has covenanted to maintain the Facilities, or cause the Facilities to be maintained, in good condition and working order and to operate the same, or cause the same, to be operated in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. The City has also covenanted to comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental or judicial body promulgating the same.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities. The Bonds must be approved by the City to the extent that such issuance complies with the City's policy related to municipal utility districts.

All park and recreational facilities and stormwater detention facilities ("Retained Facilities") shall be maintained by the District, another district, or a property owners association. The District agrees to make binding arrangements to have the Retained Facilities maintained by an entity other than the City prior to the City's dissolution of the District.

The City's right to dissolve the District is restricted under the Utility Agreement. Under the terms of the Utility Agreement, the City agrees that it will not dissolve the District until ninety percent of the District's Facilities have been developed and the developer advancing funds to construct the Facilities have been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement of the District under such rules.

THE ROAD SYSTEM

All roadways are designed and constructed in accordance with the City and Fort Bend County standards, rules, and regulations. Upon acceptance by the City, the District is responsible for operation and maintenance thereof through an interlocal agreement until such time as the District is annexed by the City. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities (including power, gas, telephone, fiber, and cable).

WATER AND SEWER SYSTEM

Wastewater Treatment

Wastewater from the District is currently served by two wastewater treatment plants ("WWTP") owned and operated by the City pursuant to the Utility Agreement, as amended. The District is located within the Mustang Bayou Service Area, pursuant to the Utility Agreement, and is served by plants in two different service areas. Pursuant to the First Amendment to the Utility Agreement, the Parks Edge Service Area is served by the Quail Valley WWTP, owned and operated by Quail Valley Utility District, but in which the City has purchased capacity for the District; and the Shipman's Cove Development is served by the Mustang Bayou WWTP, owned and operated by the City. For the Parks Edge Development, the District has constructed a regional lift station within the Parks Edge Development that delivers wastewater capacity via forcemain to the point of discharge in the Quail Valley WWTP. For the Shipman's Cove Development, the District has constructed a lift station within the Shipman's Cove Development that delivers wastewater capacity via forcemain to the point of discharge in the Mustang Bayou WWTP. Upon Platting, each development will pay the Mustang Bayou Service Area impact fee to the City of Missouri City for wastewater capacity. No other capital charges will be paid for the capacity.

Water Supply

Water from the District is currently served by a water plant owned and operated by the City pursuant to the District's Utility Agreement. The District has designed and constructed all Water Supply lines within the District, and off-site lines as needed to points of connection to the City's water supply system. Upon Platting, the District will pay the Mustang Bayou Service Area impact fee to the City of Missouri City for water capacity.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $7,291,660 is estimated for construction costs, $2,253,471 is estimated for non-construction costs, and $584,869 estimated for issuance costs and fees.

I.	**CONSTRUCTION COSTS**		
	Developer Contribution Items		
1)	8.5 Acre Tract WS&D	$	102,203
2)	Shipman's Cove Detention		227,867
3)	Shipman's Cove Section 1 WS&D		289,079
4)	Parks Edge Stormwater Pump Station		1,187,642
5)	Mustang Bayou Expansion		630,771
6)	Detention and Clearing & Grubbing Facilities Phase IV in Parks Edge		1,654,042
7)	Shipman's Cove Stormwater Pump Station LOMR-F		25,000
8)	SWPPP for Projects 1-6		32,672
9)	Engineering & Testing for Projects 1-6		626,707
	Subtotal Developer Contribution Items	**$**	**4,775,984**
	District Items		
1)	Parks Edge Boulevard Phase 1 WS& D	$	131,693
2)	Shipman's Cove Lift Station		1,138,718
3)	Parks Edge Lift Station No. 2		665,000
4)	SWPPP for Projects 1 - 3		2,984
5)	Engineering & Testing for Projects 1-3		267,012
6)	Land Acquisition		
a.	Shipman's Cove Sec.1 (Reserve C - Drainage)		118,280
b.	Shipman's Cove Sec.1 (Reserve J - Utility Access)		101,400
c.	Parks Edge Sec.8 (Reserve A - Drainage)		90,589
	Subtotal District Items	**$**	**2,515,676**
	Total Construction Cost	**$**	**7,291,660**
II.	**NON-CONSTRUCTION COSTS**		
•	Developer Interest (5.00%)	$	1,795,571
•	Bond Discount (3.00%)		303,900
•	Developer Advances		154,000
	Total Non-Construction Costs	**$**	**2,253,471**
III.	**ISSUANCE COSTS AND FEES**		
•	Legal Fees	$	242,600
•	Finacial Advisor Fees		171,625
•	TCEQ Bond Issuance Fee (0.25%)		25,325
•	Bond Issuance Expenses		65,819
•	Bond Application Report		70,000
•	Attorney General Fee (0.10%)		9,500
	Total Issuance Cost and Fees	**$**	**584,869**
	TOTAL BOND ISSUE	**$**	**10,130,000**

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

Future Debt

The Developers have financed or are financing the engineering and construction costs of underground utilities and roads to serve various subdivisions in the District, and certain other District improvements, including drainage facilities. After the reimbursements are made with Bond proceeds, the Developers will have expended (as of September 30, 2024) approximately $16,449,053 for water, sanitary sewer, and drainage and storm sewer facilities, $1,245,002 for roads, and $2,129,015 for parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the TCEQ and state law. Additionally, the District presently contains approximately 72.68 acres of developable land not presently fully served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage and to finance roads and park and recreational facilities. The District makes no representation that any additional development will occur within the District. See "THE BONDS—Issuance of Additional Debt."

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/5/2018	Water, Sanitary Sewer, Drainage and Storm Water & Refunding	$170,031,000	$31,955,000 (a)	$138,076,000
5/5/2018	Road & Refunding	$95,775,000	$4,000,000	$91,775,000
5/5/2018	Parks and Recreational Facilities and Refunding	$33,227,000	$0	$33,227,000

(a) Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2024 Certified Taxable Assessed Valuation	$433,044,288	(a)
Gross Debt Outstanding (after issuance of the Bonds)	$35,220,000	
Estimated Overlapping Debt	22,686,772	(b)
Gross Debt and Estimated Overlapping Debt	$57,906,772	
Ratio of Gross Debt to 2024 Certified Taxable Assessed Valuation	8.13%	
Ratio of Gross Debt and Estimated Overlapping Debt to 2024 Certified Taxable Assessed Valuation	13.37%	

Area of District: 492.75 acres
Estimated 2024 Population: 4,008 [c]

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(c) Based on 3.5 persons per occupied single-family residence.

Outstanding Bonds

Series		Original Principal Amount	Principal Amount Outstanding as of September 30, 2024
2021	(a)	$4,000,000	$3,710,000
2022		$9,825,000	$9,620,000
2023		$12,000,000	$11,760,000
			$25,090,000

(a) Unlimited Tax Road Bonds.

Cash and Investment Balances (unaudited as of October 28, 2024)

Operating Fund	Cash and Temporary Investments	$1,471,947	
Road Capital Projects Fund	Cash and Temporary Investments	$0	
Road Debt Service Fund	Cash and Temporary Investments	$47,019	(a)
WS&D Debt Service Fund	Cash and Temporary Investments	$1,808,808	(a) (b)
WS&D Capital Projects Fund	Cash and Temporary Investments	$98,942	

(a) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Road Debt Service Fund or the Water, Sewer and Drainage Debt Service Fund (the "WS&D Debt Service Fund"). Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Bonds (the "Water, Sewer and Drainage Bonds"). For the 2024 tax year, $0.060 per $100 of assessed valuation is anticipated to be allocated to debt service on Road Bonds and $0.430 per $100 of assessed valuation is anticipated to be allocated to debt service on Water, Sewer, and Drainage Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds and the WS&D Debt Service Fund is not pledged to the Road Bonds.

(b) Accrued interest on the Bonds will be deposited into the WS&D Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Fund.

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Fort Bend County……………………..........	$1,139,374,190	9/30/2024	0.32%	$3,645,997
Fort Bend County Drainage District………..	22,655,000	9/30/2024	0.32%	72,496
Fort Bend ISD……………………………......	1,670,170,000	9/30/2024	0.73%	12,192,241
Houston Community College………………	422,215,000	9/30/2024	0.13%	548,880
City of Missouri City……………………….	187,565,000	9/30/2024	3.32%	6,227,158
Total Estimated Overlapping Debt…………..				$22,686,772
The District………………………………….	35,220,000 (a)	Current	100.00%	35,220,000
Total Direct and Estimated Overlapping Debt……………………………………………………….				$57,906,772
Ratio of Total Direct and Estimated Overlapping Debt to:				
2024 Certified Taxable Assessed Valuation…………………………………………………….				13.37%

(a) Includes the Bonds.

Overlapping Tax Rates for 2024

	2024 Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County	$ 0.412000
Fort Bend County Drainage District	0.100000
Fort Bend ISD	0.986900
Houston Community College	0.096182
City of Missouri City	0.570825
Total Overlapping Tax Rate	$ 2.165907
The District	0.900000
Total Tax Rate	$ 3.065907

TAX DATA

Tax Collections

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

Tax Year	Net Certified Taxable Valuation	Tax Rate	Adjusted Tax Levy	Total Collections As of September 30, 2024 Amount	Percent
2019	$ 7,098,230	$ 0.90	$ 63,884	$ 63,884	100.00%
2020	16,766,886	0.90	150,902	150,902	100.00%
2021	71,668,159	0.90	645,013	645,013	100.00%
2022	191,400,335	0.90	1,722,603	1,714,018	99.50%
2023	363,803,502	0.90	3,274,232	3,246,853	99.16%
2024	433,044,288	0.90	3,897,399	*(In Process of Collections)*	(a)

(a) Taxes for 2024 are due by January 31, 2025.

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

Tax Rate Distribution

	2024	2023	2022	2021	2020
Road Debt Service	$0.060	$0.030	$0.155	$0.330	$0.000
WS&D Debt Service	0.430	0.470	0.310	0.000	0.000
Maintenance and Operations	0.410	0.400	0.435	0.570	0.900
Total	$0.900	$0.900	$0.900	$0.900	$0.900

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.50 per $100 of taxable assessed valuation.
Road Maintenance: $0.25 per $100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2024 in the amount of $0.490 per $100 of taxable assessed valuation of which $0.060 is allocated to debt service on road bonds and $0.430 is allocated to debt service on water, sewer, and drainage bonds. See "Tax Rate Distribution" herein.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on May 5, 2018, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.50 per $100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. The District levied a maintenance and operations tax for 2024 in the amount of $0.410 per $100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. The Developers have executed Waivers of Special Appraisal, waiving their right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waivers are binding for periods of thirty years.

Additional Penalties

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

Summary of Assessed Valuation

The following summary of the 2024, 2023, 2022, 2021 and 2020 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2024 tax rolls of the District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2024	2023	2022	2021	2020
Land	67,169,744	$47,475,117	$38,681,390	$22,413,439	$9,750,880
Improvements	383,298,706	327,035,370	157,252,378	50,008,026	7,099,283
Personal Property	947,919	1,212,268	1,460,460	982,760	220,680
Exempt Property	(18,372,081)	(11,919,253)	(5,993,893)	(1,736,066)	(303,957)
Total Assessed Valuation	433,044,288	$363,803,502	$191,400,335	$71,668,159	$16,766,886

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Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2024 certified tax rolls, which reflect ownership at January 1, 2024.

Taxpayer	Type of Property	2024 Certified Assessed Valuation	% of 2024 Certified Assessed Valuation
Shops At Lake Olympia LLC (a)	Land & Improvements	$2,757,719	0.64%
Lake Olympia Crossing LP (a)	Land & Improvements	2,336,223	0.54%
7-Eleven Inc.	Improvements	840,797	0.19%
Storage Choice-Missouri City Ltd.	Land & Improvements	832,580	0.19%
Individual	Residential	765,934	0.18%
Palmetto/WHIA FB107 LP (b)	Land	636,063	0.15%
Individual	Residential	605,124	0.14%
Individual	Residential	578,734	0.13%
Individual	Residential	575,450	0.13%
Individual	Residential	568,540	0.13%
Total for Principal Taxpayers		$ 10,497,164	2.42%

(a) Includes gas station, convenience store and shopping center.
(b) See "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS."

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2024 Certified Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District's projected average and projected maximum annual debt service requirements on the Bonds and the Outstanding Bonds.

Projected average annual debt service requirement (2025-2049)………………………………………… $2,367,001

$0.58 tax rate on the 2024 Certified Taxable Assessed Valuation
of $433,044,288 at a 95% collection rate produces……………………………………………………… $2,386,074

Projected maximum annual debt service requirement (2045)…………………………………………… $2,515,938

$0.62 tax rate on the 2024 Certified Taxable Assessed Valuation
of $433,044,288 at a 95% collection rate produces……………………………………………………… $2,550,631

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

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

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty 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 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

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

Tax Abatement

The City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, the City has not designated any part of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units:

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

Developed Districts:

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

Developing Districts:

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, may be 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. For the 2024 tax year, the District is classified as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District’s Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District’s tax lien is on a parity with tax liens of such other taxing units. See “ESTIMATED OVERLAPPING DEBT STATEMENT-Overlapping Tax Rates for 2024.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Tax Payment Installments after Disaster

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

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

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WATER AND SEWER OPERATIONS

General

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

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. The City operates the water and sewer system that serves the District, so the District collects no net revenues from operating the System. Such summary is based upon information obtained from the District's audited financial statement for fiscal years 2023 through 2019, and from the District's bookkeeper for the nine-month period ended September 30, 2024. Reference is made to such records and statements for further and more complete information.

		Fiscal Year Ended December 31				
	1/1/2024 to 9/30/2024 (a)	2023	2022	2021	2020	2019
Revenues:						
Property Taxes	$ 1,430,082	$ 830,322	$ 408,301	$ 148,379	$ 63,759	$ 33,916
Penalties and Interest	-	-	-	-	64	5
Miscellaneous	118,233	2,325	5,000	-	161	-
Investment Earnings	58,930	22,836	2,642	204	1,847	457
Total Revenues	$ 1,607,245	$ 855,483	$ 415,943	$ 148,583	$ 65,831	$ 34,378
Expenditures:						
Operating and Administrative						
Professional Fees	$102,095	$ 135,362	$ 147,654	$ 120,697	$ 126,626	$ 115,156
Contracted Services	95,794	91,727	55,980	22,743	22,232	19,560
Repairs and Maintenance	165,479	160,159	218,020	89,744	-	845
Utilities	20,118	21,684	20,401	16,499	1,398	-
Administrative	29,324	43,390	24,070	16,335	17,514	16,252
Other	18,618	9,142	12,421	1,270	413	303
Impact Fees	118,233	-	-	-	-	-
Capital Outlay	-	-	-	1,143,573	3,327,195	1,790,139
Total Expenditures	$549,661	$ 461,464	$ 478,546	$ 1,410,861	$ 3,495,378	$ 1,942,255
Excess (Deficiency) of Revenues Under Expenditures	$ 1,057,584	$ 392,019	$ (62,603)	$ (1,262,278)	$ (3,429,547)	$ (1,907,877)
Other Financing Sources (Uses)						
Construction Advances	$ -	$ -	$ -	$ 1,143,573	$ 3,327,195	$ 1,790,139
Internal Transfers	-	-	13,000			
Operating Advances	-	-	160,720	167,695	53,600	159,650
Net Change in Fund Balance	$ 1,057,584	$ 392,019	$ 111,117	$ 48,990	$ (48,752)	$ 41,912
Beginning Fund Balance	$ 484,578	$ 92,559	$ (18,558)	$ (67,548)	$ (18,796)	$ (60,708)
Ending Fund Balance	$ 1,542,162	$ 484,578	$ 92,559	$ (18,558)	$ (67,548)	$ 18,796

(a) Unaudited. Provided by the District's bookkeeper.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and projected debt service requirements for the Bonds at an estimated interest rate of 5.00% per annum.

Calendar Year	Outsanding Debt Service	Debt Service on the Bonds Principal	Interest	Total	Total Debt Service
2025	$ 1,727,600	$ -	$ 379,875	$ 379,875	$ 2,107,475
2026	1,721,531	225,000	506,500	731,500	2,453,031
2027	1,713,600	240,000	495,250	735,250	2,448,850
2028	1,703,800	250,000	483,250	733,250	2,437,050
2029	1,697,137	265,000	470,750	735,750	2,432,887
2030	1,694,881	275,000	457,500	732,500	2,427,381
2031	1,698,825	290,000	443,750	733,750	2,432,575
2032	1,701,287	305,000	429,250	734,250	2,435,537
2033	1,707,269	320,000	414,000	734,000	2,441,269
2034	1,711,544	335,000	398,000	733,000	2,444,544
2035	1,713,919	355,000	381,250	736,250	2,450,169
2036	1,719,581	370,000	363,500	733,500	2,453,081
2037	1,733,094	390,000	345,000	735,000	2,468,094
2038	1,739,306	410,000	325,500	735,500	2,474,806
2039	1,743,344	430,000	305,000	735,000	2,478,344
2040	1,750,206	450,000	283,500	733,500	2,483,706
2041	1,749,281	475,000	261,000	736,000	2,485,281
2042	1,761,169	495,000	237,250	732,250	2,493,419
2043	1,764,750	520,000	212,500	732,500	2,497,250
2044	1,774,881	550,000	186,500	736,500	2,511,381
2045	1,781,938	575,000	159,000	734,000	2,515,938
2046	1,780,044	605,000	130,250	735,250	2,515,294
2047	1,540,181	635,000	100,000	735,000	2,275,181
2048	1,544,231	665,000	68,250	733,250	2,277,481
2049	-	700,000	35,000	735,000	735,000
Total	$41,173,400	$ 10,130,000	$ 7,871,625	$ 18,001,625	$ 59,175,025

Projected Average Annual Debt Service Requirements (2025-2049)………………………. $2,367,001

Projected Maximum Annual Debt Service Requirements (2045)……………………………. $2,515,938

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 limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations.

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

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds will not be designated as "qualified tax-exempt obligations" for financial institutions.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by _______________ (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of _______% of the principal amount thereof 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.

Prices and Marketability

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

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

Securities Laws

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned a credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

An application has been made for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Initial Purchaser. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under

"Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

> "THE DISTRICT" – Developers, Quiddity Engineering LLC ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS" – Developers; "WATER AND SEWER SYSTEM" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT (UNAUDITED)" – Fort Bend Central Appraisal District and B&A Municipal Tax Service LLC, Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - B&A Municipal Tax Service LLC; "MANAGEMENT" – Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" - Allen Boone Humphries Robinson LLP.

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

Consultants

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

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

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

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuation, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by B&A Municipal Tax Service, LLC and is included herein in reliance upon the authority of such entity as experts in assessing and collecting taxes.

Auditor: As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended December 31, 2023, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's December 31, 2023, audited financial statements.

Bookkeeper: The information related to "unaudited" summary of the District's General Fund as it appears in "OPERATING STATEMENT" has been provided by Artesian Financial Services, LLC and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of special districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data to the MSRB through its EMMA system.

The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type, included in "FINANCIAL STATEMENT (UNAUDITED)," "TAX DATA," "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Independent Auditor's Report and Financial Statements). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2024. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the District commissions an audit and if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 within the meaning of the Rule, 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 within the meaning of the Rule, 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 within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under the federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

Since the issuance of its first series of bonds in 2021, the District has complied in all material respects with its previous continuing disclosure agreements made by the District, in accordance with SEC Rule 15c2-12, with the following exception:

On August 17, 2021, the District issued its $4,000,000 Unlimited Tax Road Bonds, Series 2021 (the "Series 2021 Bonds"). The resolution authorizing the issuance of the Series 2021 Bonds stated that the District would provide certain financial information and operating data and Tax Data – Principal Taxpayers annually to the MSRB within six months after the end of each of its fiscal years ending in or after 2021. Due to an administrative oversight, the Tax Data – Principal Taxpayers exhibit was not filed with the Annual Report due June 30, 2022. The District amended its filing on November 18, 2022, with the MSRB through the EMMA internet portal, which was more than six months after the end of the District's 2021 fiscal year. The District filed a related Notice of Late Filing with the MSRB through the EMMA internet portal on November 18, 2022.

MISCELLANEOUS

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

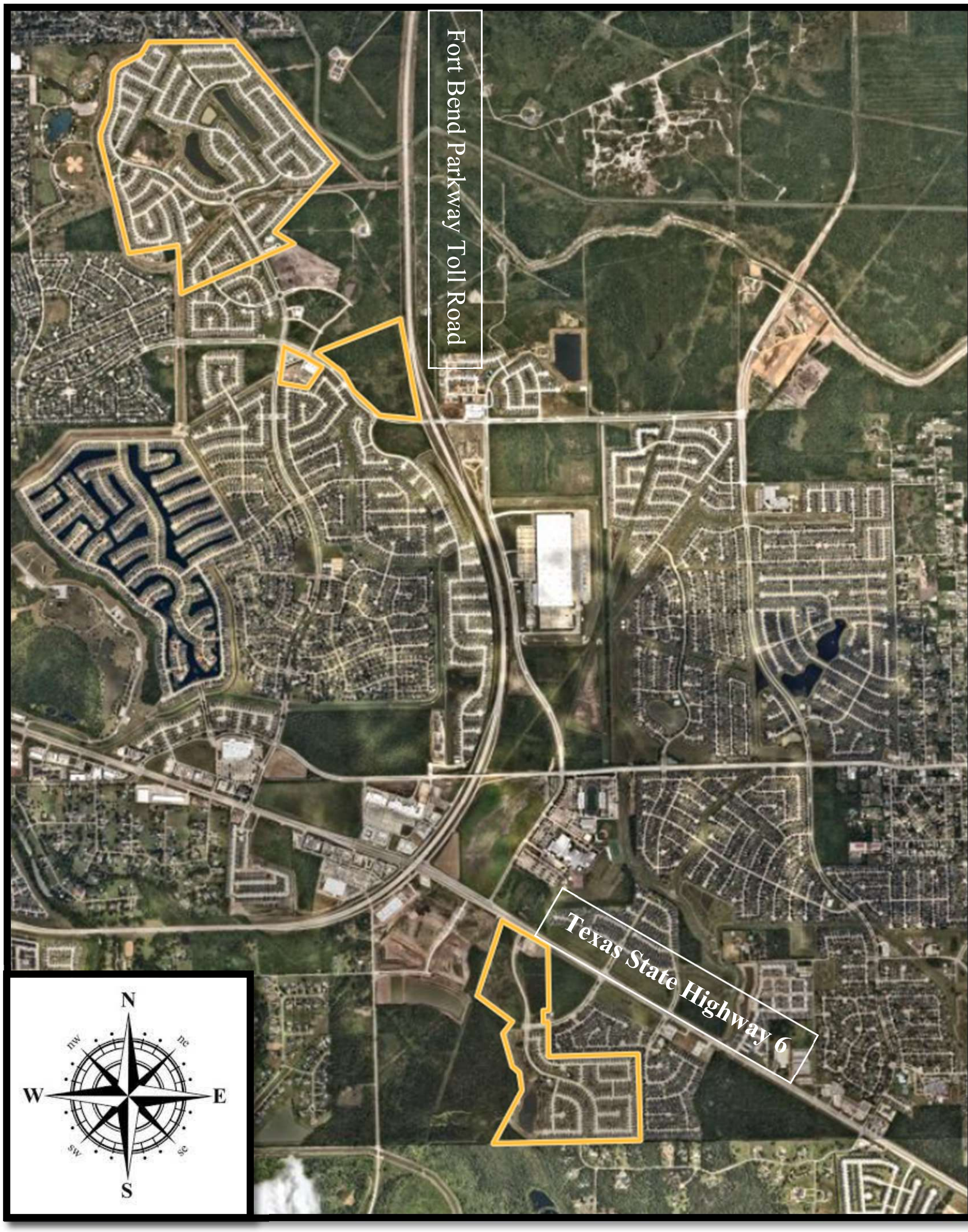
This Official Statement was approved by the Board of Directors of Missouri City Management District No. 1, as of the date shown on the cover page.

/s/ ______________________________
President, Board of Directors
Missouri City Management District No. 1

ATTEST:

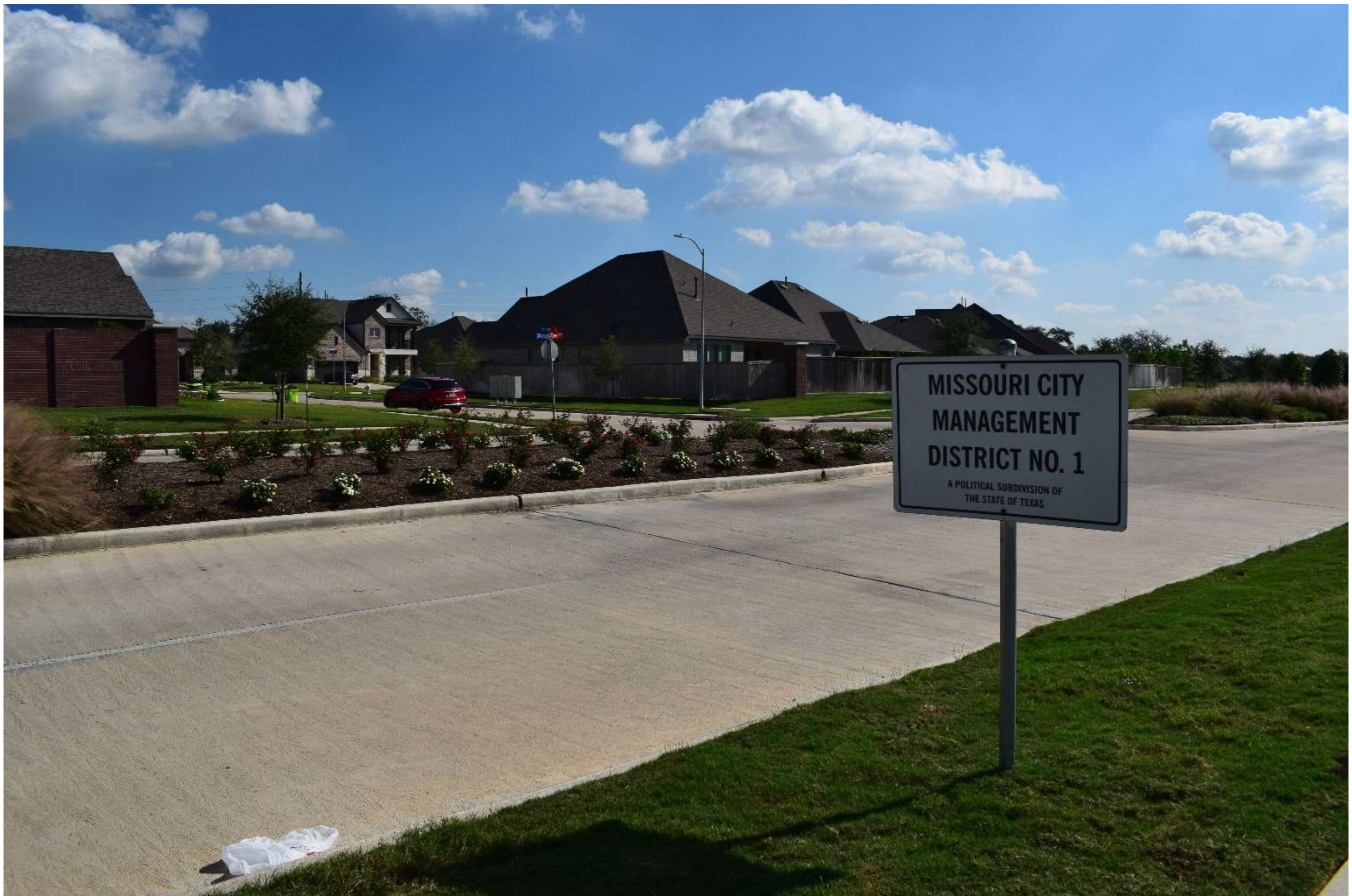
/s/ ______________________________
Secretary, Board of Directors
Missouri City Management District No. 1

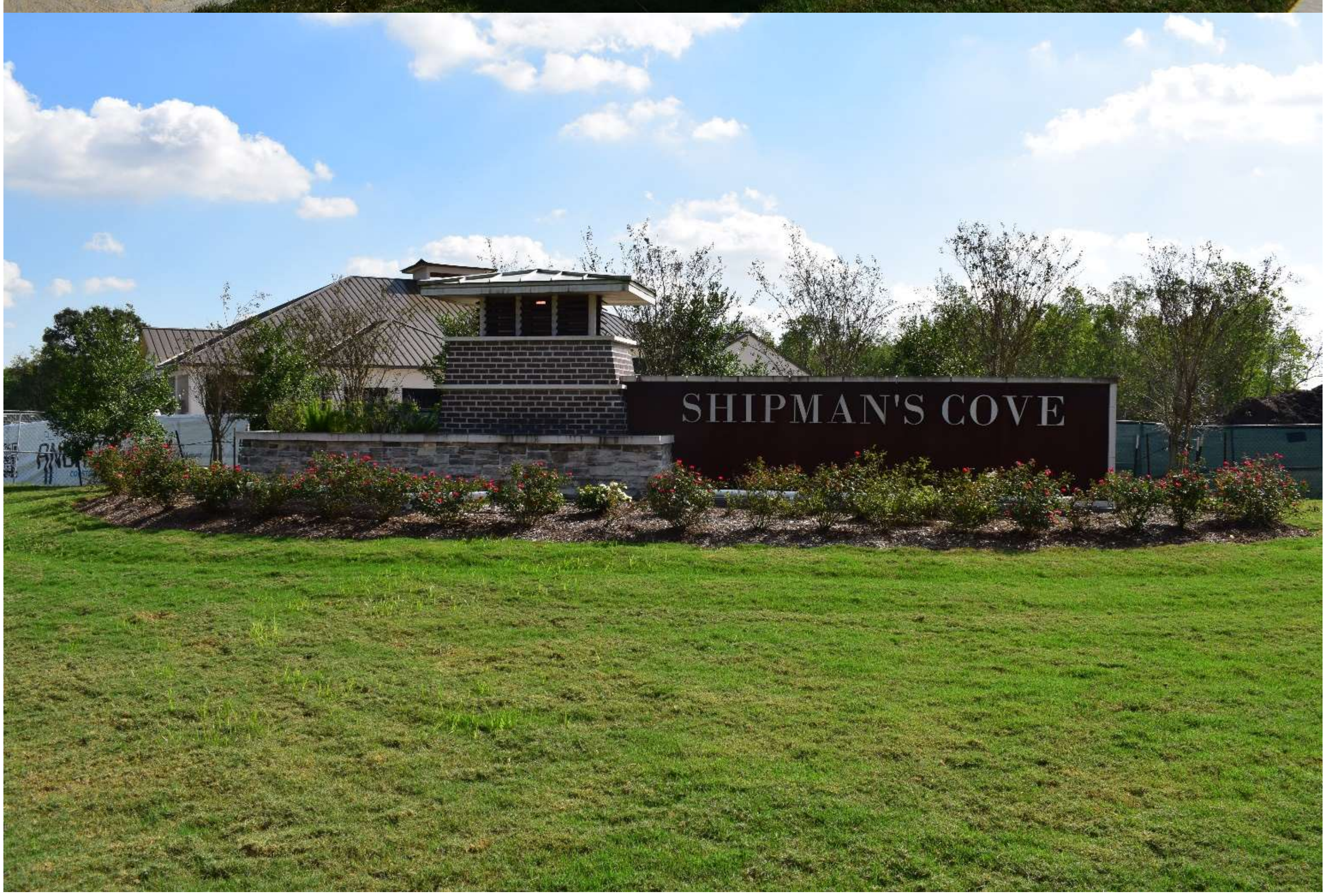
AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of October 2024)

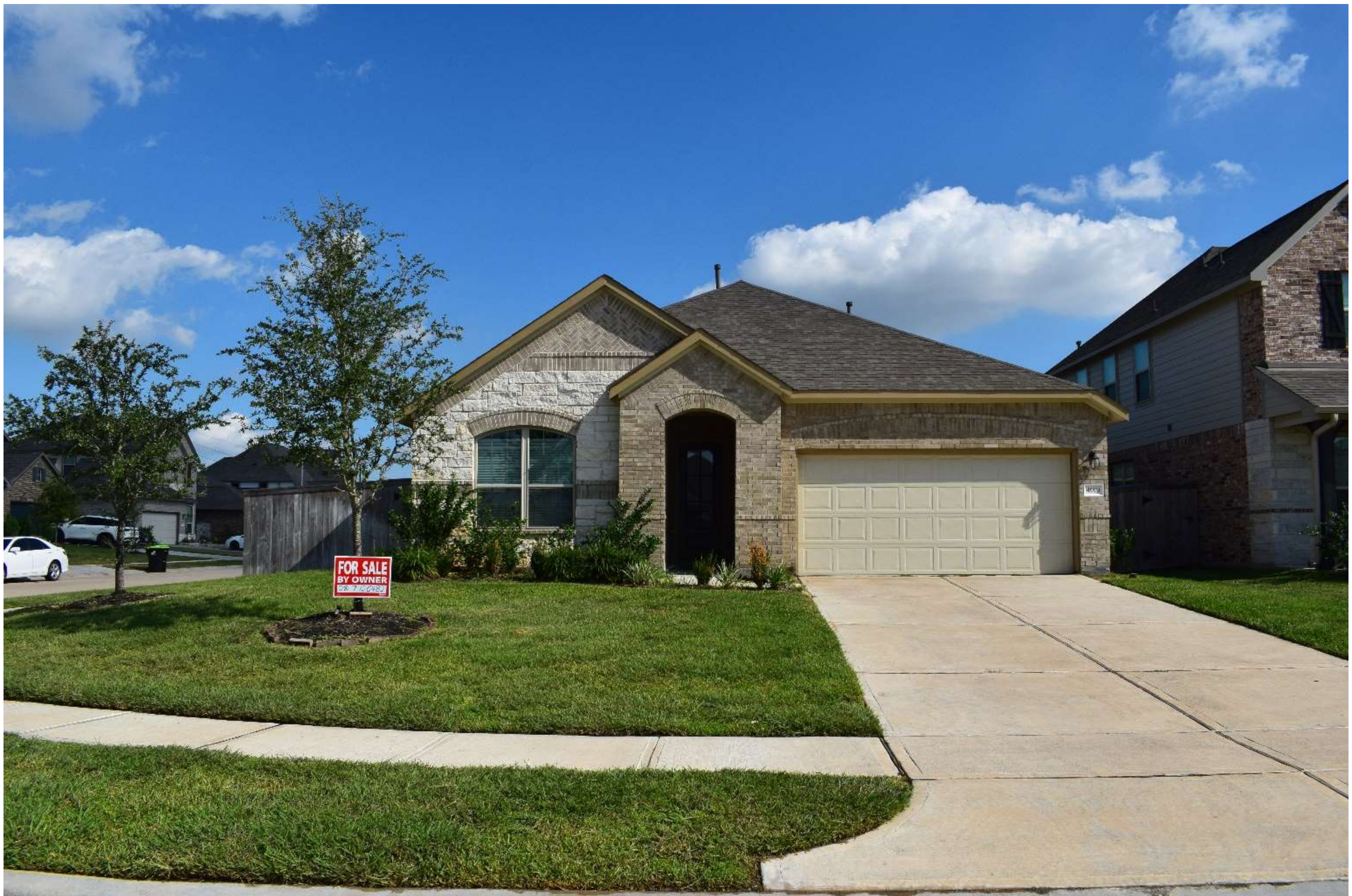


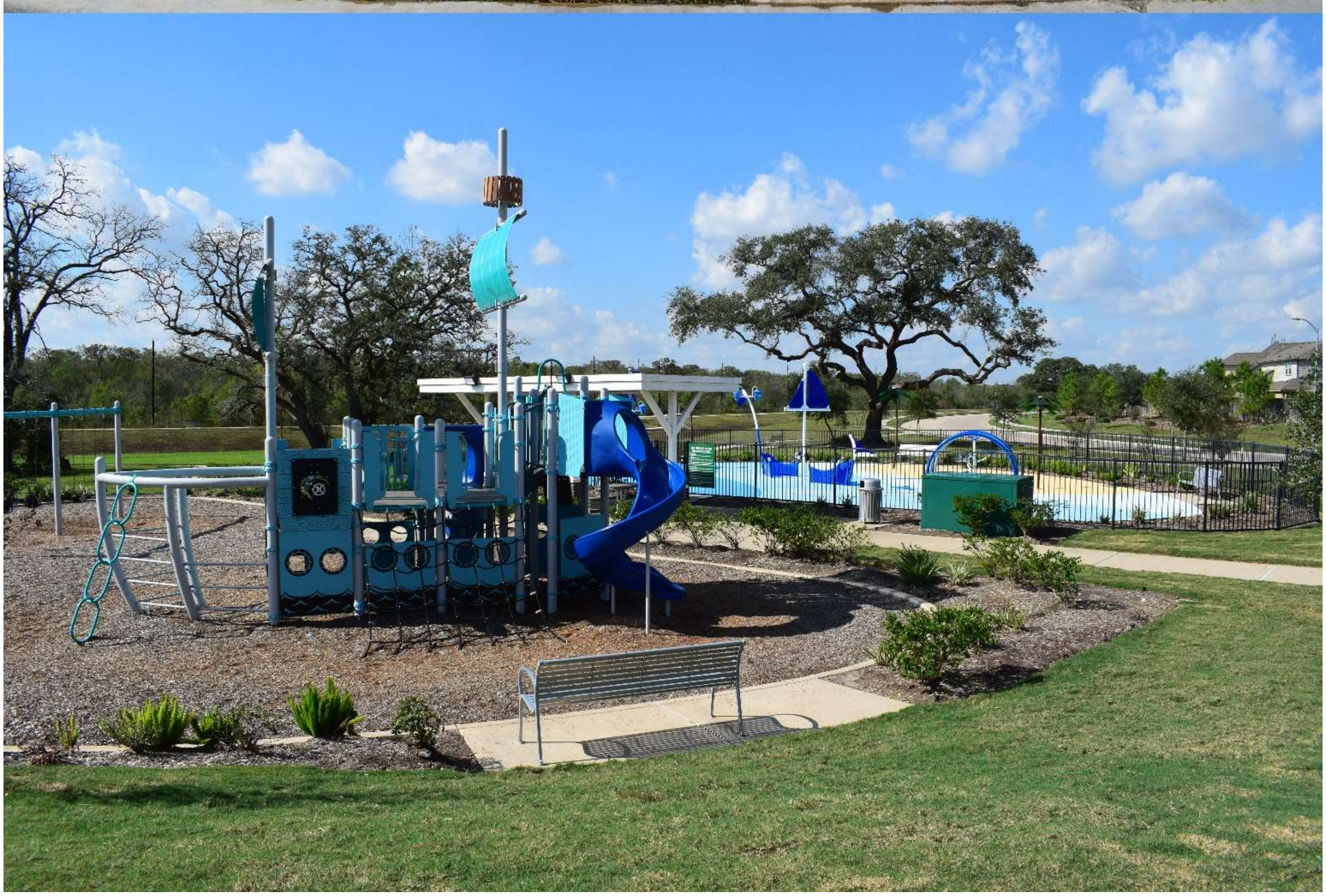
PHOTOGRAPHS

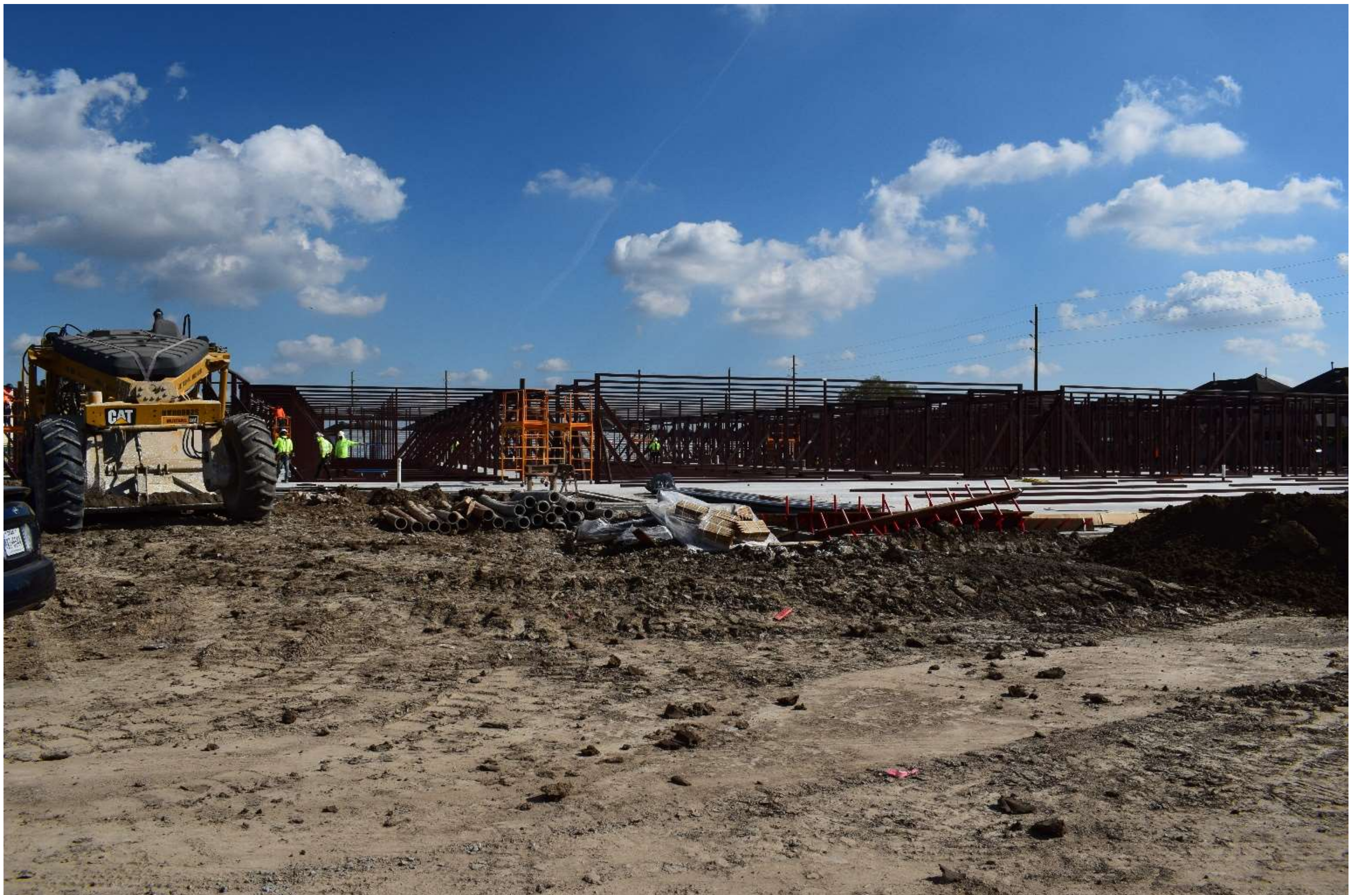
The following photographs were taken in the District in October 2024, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.


MISSOURI CITY
MANAGEMENT
DISTRICT NO. 1
A POLITICAL SUBDIVISION OF
THE STATE OF TEXAS


SHIPMAN'S COVE


FOR SALE
BY OWNER

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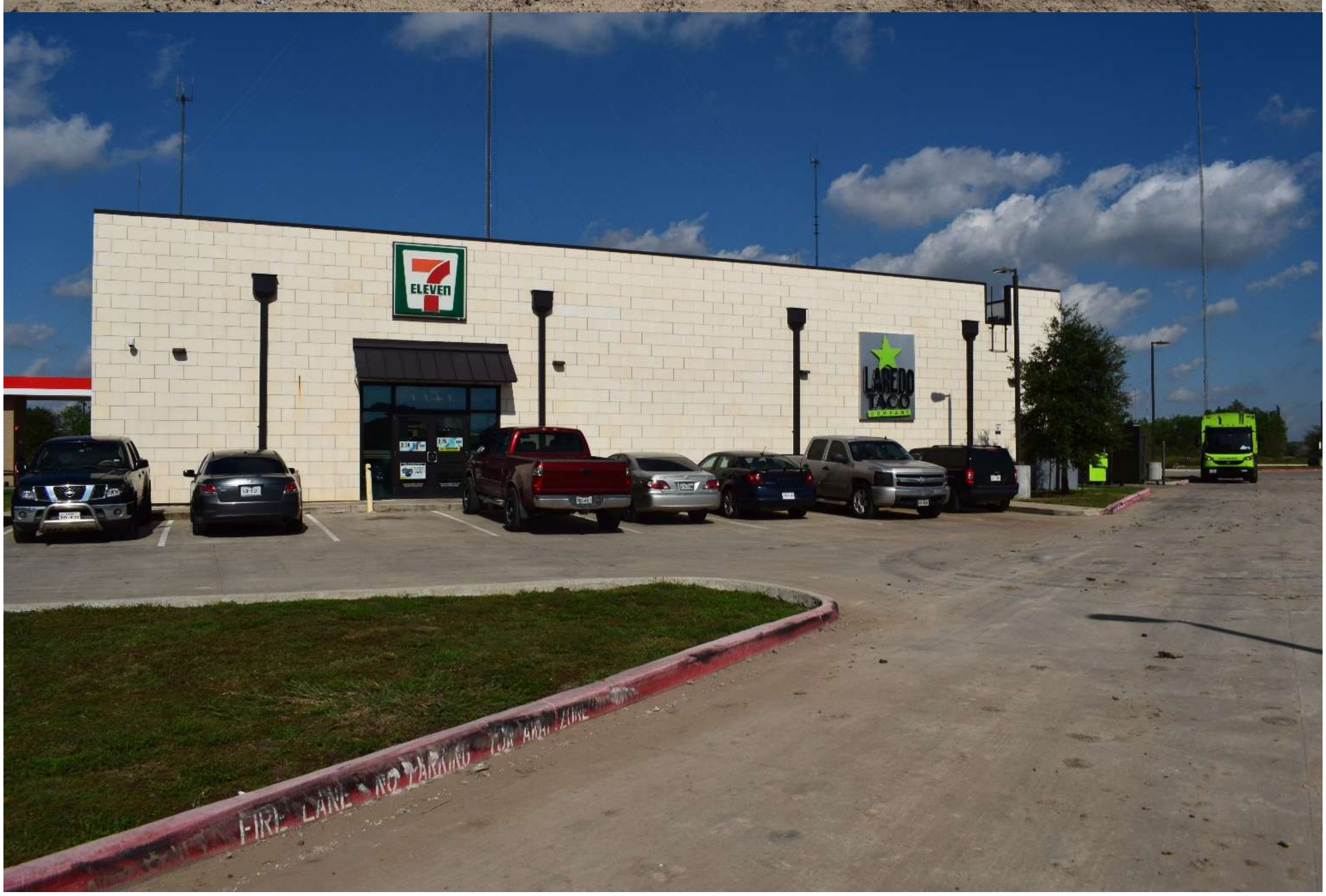
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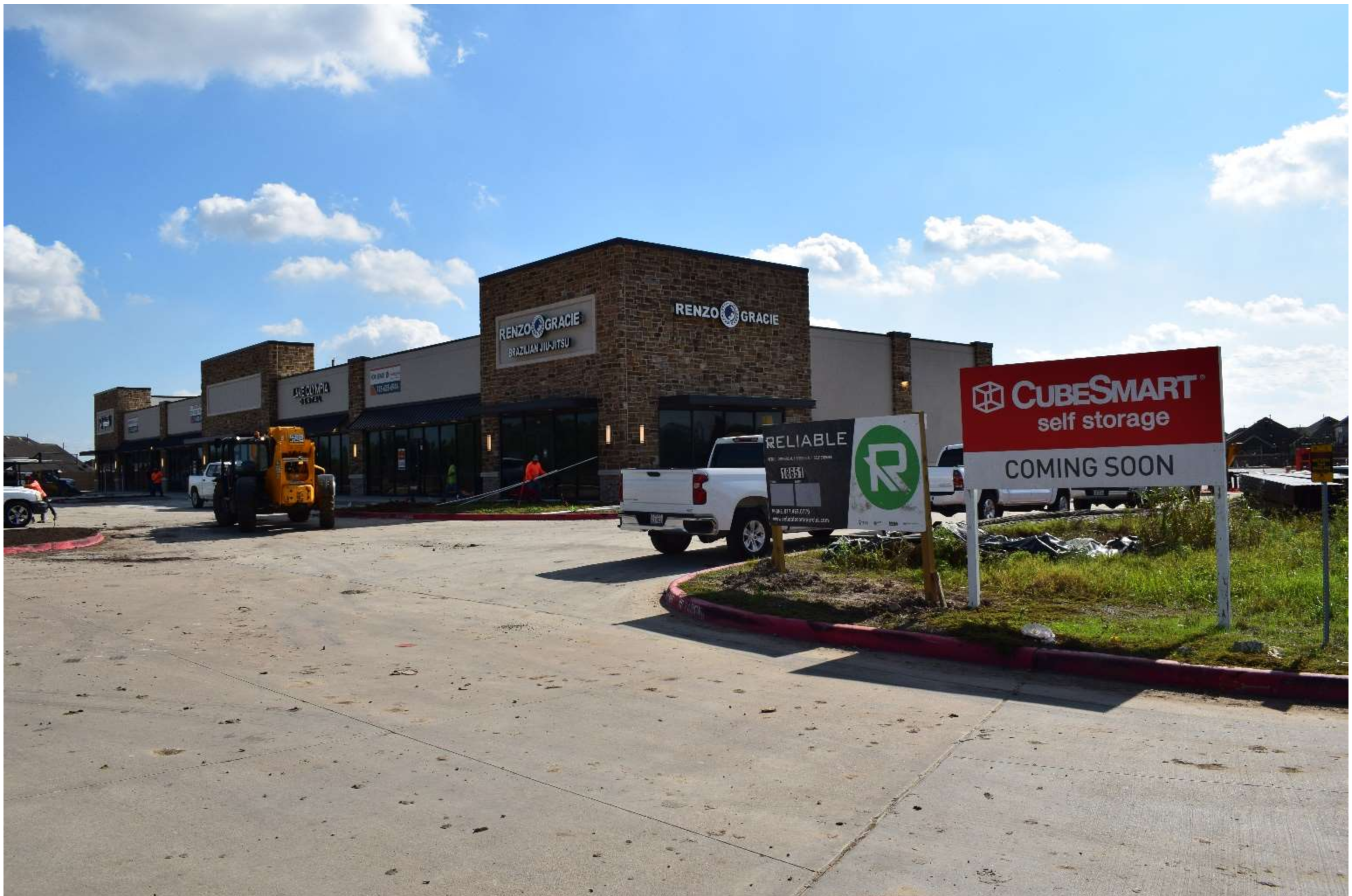
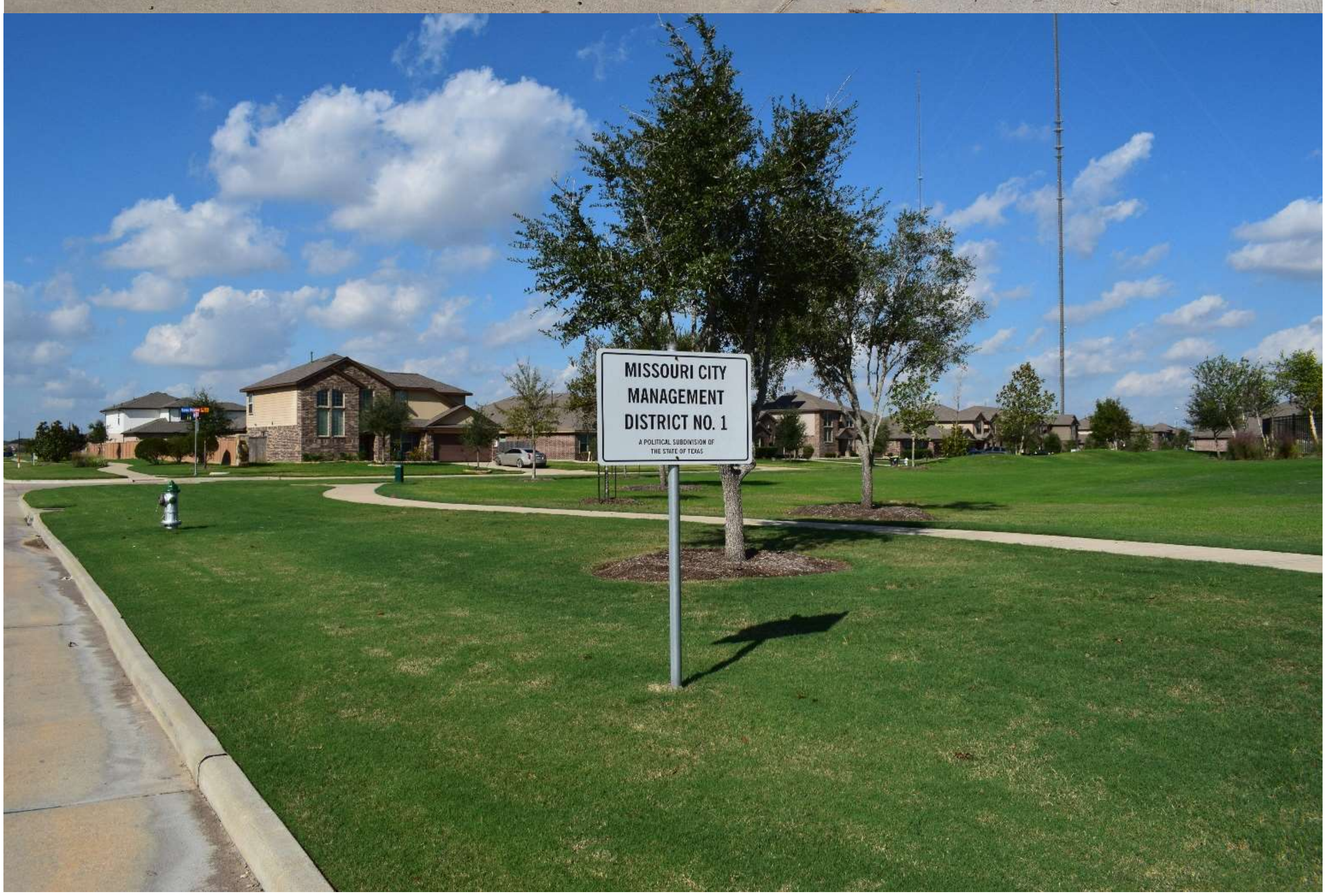
ELEVEN
LAREDO
TACO
FIRE LANE
NO PARKING


RENZO GRACIE
BRAZILIAN JIU-JITSU
RENZO GRACIE
RELIABLE
CUBESMART
self storage
COMING SOON


MISSOURI CITY
MANAGEMENT
DISTRICT NO. 1
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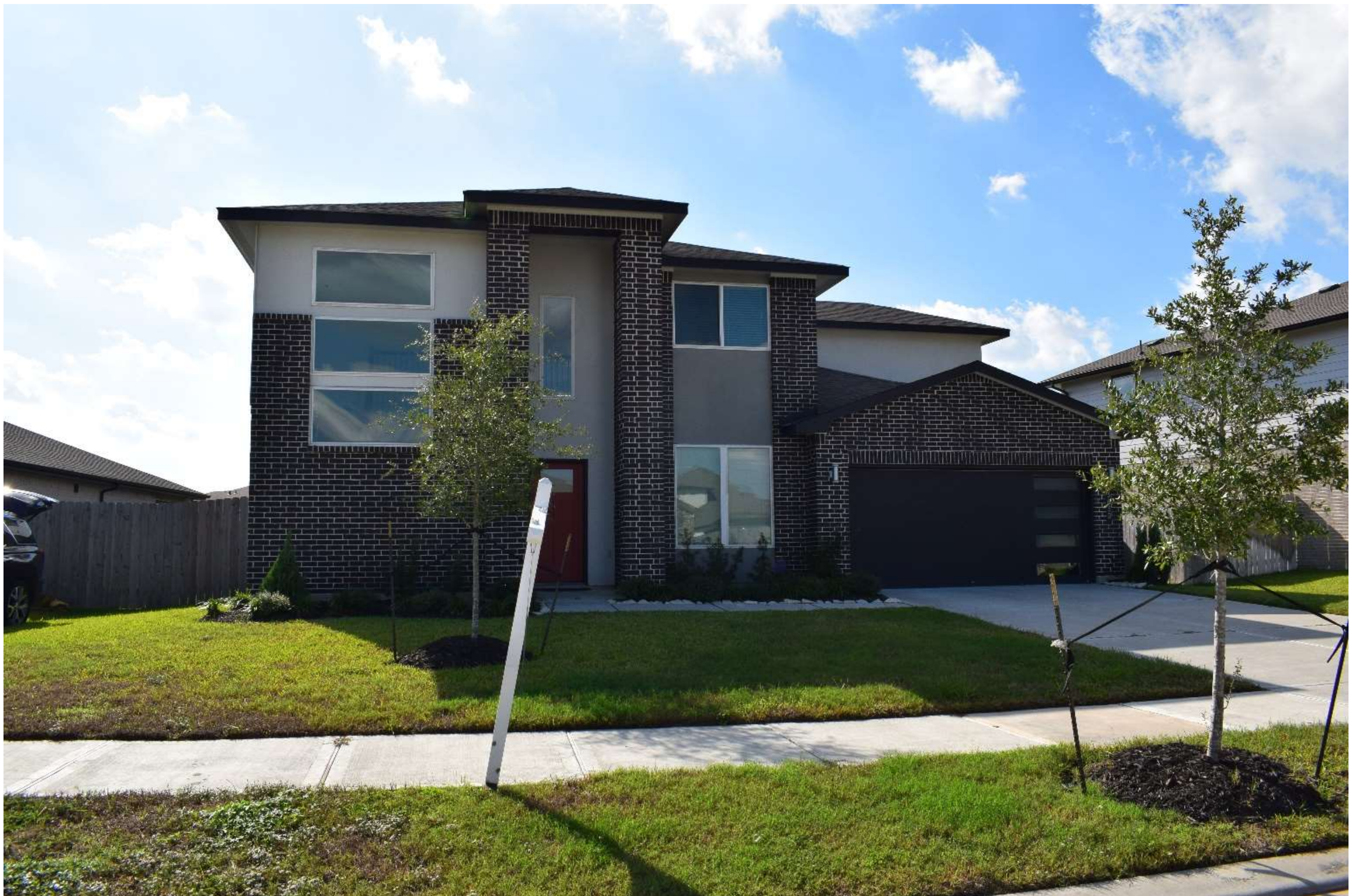
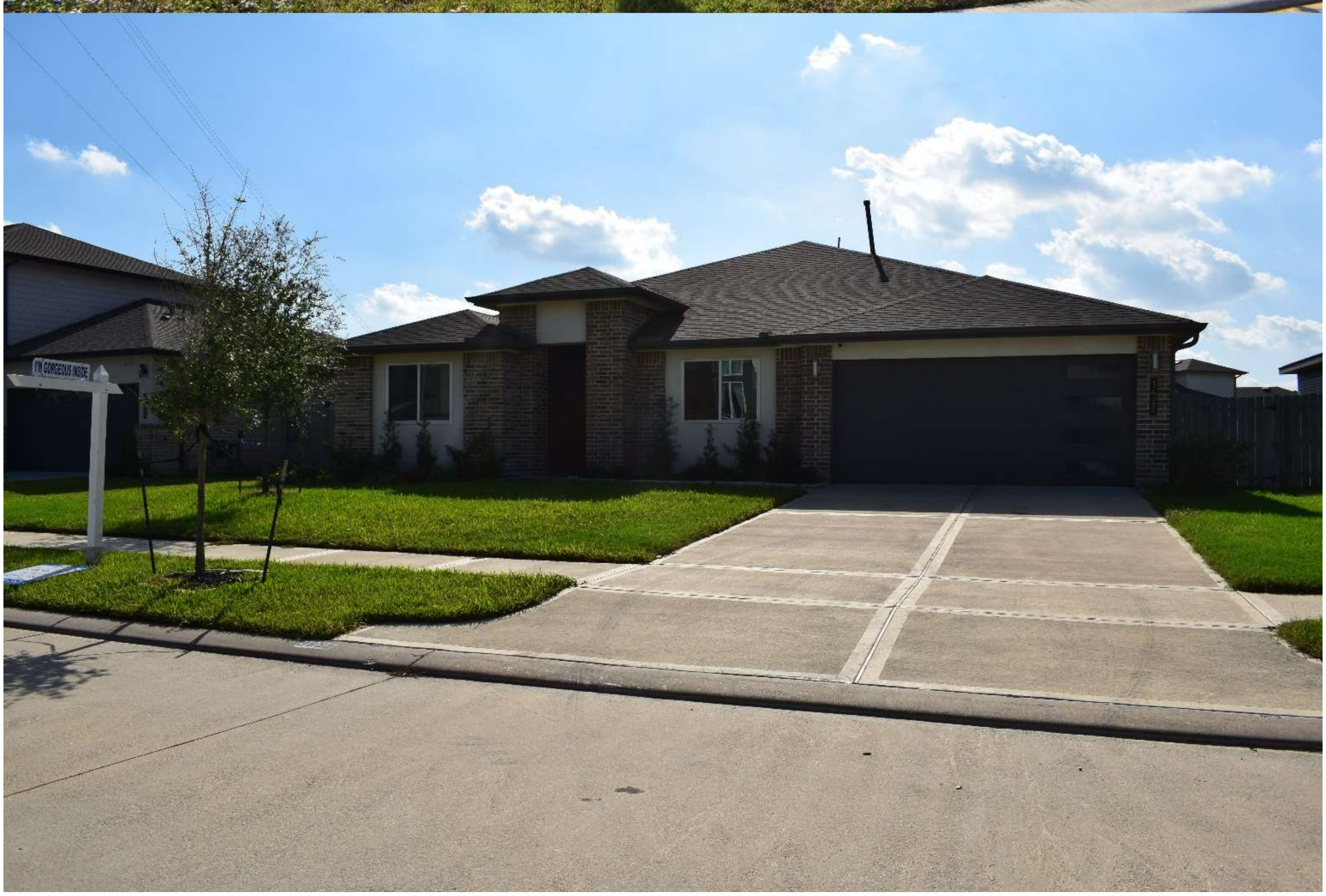
THE STATE OF TEXAS




I'M GORGEOUS INSIDE

APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended December 31, 2023

MISSOURI CITY MANAGEMENT DISTRICT NO. 1

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2023

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Missouri City Management District No. 1
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Missouri City Management District No. 1 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Missouri City Management District No. 1, as of December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGrath & Co, PLLC

Houston, Texas
April 22, 2024

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Missouri City Management District No. 1 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at December 31, 2023, was negative $38,378,320. The District's net position is negative because the District incurs debt to construct water, sewer, and certain drainage facilities which it conveys to the City of Missouri City. A comparative summary of the District's overall financial position, as of December 31, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	$ 7,159,825	$ 2,778,154
Capital assets	18,737,792	18,551,974
Total assets	25,897,617	21,330,128
Current liabilities	840,915	459,394
Long-term liabilities	60,157,730	54,836,912
Total liabilities	60,998,645	55,296,306
Total deferred inflows of resources	3,277,292	1,732,437
Net position		
Net investment in capital assets	(4,040,024)	(2,336,060)
Restricted	1,359,297	530,729
Unrestricted	(35,697,593)	(33,893,284)
Total net position	$ (38,378,320)	$ (35,698,615)

The total net position of the District decreased during the current fiscal year by $2,679,705. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2023	2022
Revenues		
General revenues	$ 1,840,879	$ 673,935
Expenses		
Operating and administrative	601,104	727,750
Debt interest and fees	575,004	140,867
Developer interest	1,500,481	1,167,817
Debt issuance costs	890,423	745,138
Depreciation/amortization	459,706	433,456
Total expenses	4,026,718	3,215,028
Change in net position before other item	(2,185,839)	(2,541,093)
Other item		
Transfers to other governments	(490,961)	(2,374,746)
Change in estimate of due to developers	(2,905)	
Change in net position	(2,679,705)	(4,915,839)
Net position, beginning of year	(35,698,615)	(30,782,776)
Net position, end of year	$ (38,378,320)	$ (35,698,615)

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2023, were $2,150,241, which consists of $484,578 in the General Fund, $1,565,521 in the Debt Service Fund and $100,142 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2023 and 2022, is as follows:

	2023	2022
Total assets	$ 1,993,391	$ 1,182,463
Total liabilities	$ 47,074	$ 249,823
Total deferred inflows	1,461,739	840,081
Total fund balance	484,578	92,559
Total liabilities, deferred inflows and fund balance	$ 1,993,391	$ 1,182,463

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2023	2022
Total revenues	$ 855,483	$ 415,943
Total expenditures	(463,464)	(478,546)
Revenues over/(under) expenditures	392,019	(62,603)
Other changes in fund balance		173,720
Net change in fund balance	$ 392,019	$ 111,117

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2022 levy was recognized as revenues in the 2023 fiscal year, while the 2021 levy was recognized in the 2022 fiscal year (to the extent that these amounts were collected). While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2023 and 2022, is as follows:

	2023	2022
Total assets	$ 3,423,770	$ 1,530,393
Total liabilities	$ 29,584	$ 31,150
Total deferred inflows	1,828,665	897,671
Total fund balance	1,565,521	601,572
Total liabilities, deferred inflows and fund balance	$ 3,423,770	$ 1,530,393

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2023	2022
Total revenues	$ 961,795	$ 250,424
Total expenditures	(585,327)	(216,239)
Revenues over expenditures	376,468	34,185
Other changes in fund balance	587,481	482,781
Net change in fund balance	$ 963,949	$ 516,966

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2023 and 2022, is as follows:

	2023	2022
Total assets	$ 1,742,664	$ 65,298
Total liabilities	$ 1,642,522	$ -
Total fund balance	100,142	65,298
Total liabilities and fund balance	$ 1,742,664	$ 65,298

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2023	2022
Total revenues	$ 15,804	$ 4,776
Total expenditures	(11,160,059)	(8,881,547)
Revenues under expenditures	(11,144,255)	(8,876,771)
Other changes in fund balance	11,179,099	8,942,069
Net change in fund balance	$ 34,844	$ 65,298

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds in the current year and the sale of its Series 2022 Unlimited Tax Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $44,868 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	$ 8,419,264	$ 8,396,144
Capital assets being depreciated/amortized		
Infrastructure	5,257,895	5,136,709
Landscaping improvements	2,726,040	2,661,877
Impact fees	3,773,166	3,336,111
	11,757,101	11,134,697
Less accumulated depreciation/amortization		
Infrastructure	(523,138)	(347,874)
Landscaping improvements	(401,394)	(265,091)
Impact fees	(514,041)	(365,902)
	(1,438,573)	(978,867)
Depreciable capital assets, net	10,318,528	10,155,830
Capital assets, net	$ 18,737,792	$ 18,551,974

Capital asset additions during the current year include the following:

- Parks Edge Section 18 and 19 swale
- Parks Edge Mustang Bayou trail connection
- Shipman's Cove Section 2 water and wastewater impact fees

Additionally, certain capital assets constructed by the District are conveyed to the City of Missouri City. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developers are reimbursed. For the year ended December 31, 2023, capital assets in the amount of $490,961 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of December 31, 2023, the District owes approximately $35,067,730 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

At December 31, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	2023	2022
2021 Road	$ 3,815,000	$ 3,920,000
2022	9,825,000	9,825,000
2023	12,000,000	
	$ 25,640,000	$ 13,745,000

During the current year, the District issued $12,000,000 in unlimited tax bonds. At December 31, 2023, the District had $148,206,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $33,227,000 for parks and recreational facilities and the refunding of such bonds; and $91,775,000 for road improvements and the refunding of such bonds.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2023 Actual	2024 Budget
Total revenues	$ 855,483	$ 1,437,953
Total expenditures	(463,464)	(538,750)
Revenues over expenditures	392,019	899,203
Beginning fund balance	92,559	484,578
Ending fund balance	$ 484,578	$ 1,383,781

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Basic Financial Statements

Missouri City Management District No. 1
Statement of Net Position - Governmental Activities
December 31, 2023

Assets	
Cash	$ 496,075
Investments	3,841,117
Taxes receivable	2,809,453
Other receivables	1,144
Prepaid items	12,036
Capital assets not being depreciated	8,419,264
Capital assets, net	10,318,528
Total Assets	25,897,617
Liabilities	
Accounts payable	39,770
Other payables	7,304
Accrued interest payable	243,841
Due to developers	35,067,730
Long-term debt	
Due within one year	550,000
Due after one year	25,090,000
Total Liabilities	60,998,645
Deferred Inflows of Resources	
Deferred property taxes	3,277,292
Net Position	
Net investment in capital assets	(4,040,024)
Restricted for debt service	1,359,297
Unrestricted	(35,697,593)
Total Net Position	$ (38,378,320)

See notes to basic financial statements.

Missouri City Management District No. 1
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2023

Expenses	
Current	
Professional fees	$ 226,843
Contracted services	126,319
Repairs and maintenance	160,159
Utilities	21,684
Administrative	56,957
Other	9,142
Debt service	
Interest and fees	575,004
Developer interest	1,500,481
Debt issuance costs	890,423
Depreciation/amortization	459,706
Total Expenses	4,026,718
General Revenues	
Property taxes	1,728,889
Penalties and interest	16,875
Miscellaneous	2,325
Investment earnings	92,790
Total General Revenues	1,840,879
Revenues Under Expenses	(2,185,839)
Other Items	
Transfers to other governments	(490,961)
Change in estimate of due to developers	(2,905)
Change in net position	(2,679,705)
Net Position	
Beginning of the year	(35,698,615)
End of the year	$ (38,378,320)

See notes to basic financial statements.

Missouri City Management District No. 1
Balance Sheet - Governmental Funds
December 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 11,130	$ 484,945	$ -	$ 496,075
Investments	560,040	1,601,413	1,679,664	3,841,117
Taxes receivable	1,247,983	1,561,470		2,809,453
Internal balances	162,202	(225,202)	63,000	
Other receivables		1,144		1,144
Prepaid items	12,036			12,036
Total Assets	$ 1,993,391	$ 3,423,770	$ 1,742,664	$ 7,159,825
Liabilities				
Accounts payable	$ 39,770	$ -	$ -	$ 39,770
Other payables	7,304			7,304
Accrued interest payable		29,584		29,584
Due to developers			1,642,522	1,642,522
Total Liabilities	47,074	29,584	1,642,522	1,719,180
Deferred Inflows of Resources				
Deferred property taxes	1,461,739	1,828,665		3,290,404
Fund Balance				
Nonspendable	12,036			12,036
Restricted		1,565,521	100,142	1,665,663
Unassigned	472,542			472,542
Total Fund Balance	484,578	1,565,521	100,142	2,150,241
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 1,993,391	$ 3,423,770	$ 1,742,664	$ 7,159,825

See notes to basic financial statements.

Missouri City Management District No. 1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total fund balances, governmental funds		$ 2,150,241
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Historical cost	$ 20,176,365	
Less accumulated depreciation/amortization	(1,438,573)	
Change due to capital assets		18,737,792
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(25,640,000)	
Accrued interest payable	(214,257)	
Change due to long-term debt		(25,854,257)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(33,425,208)
The unavailable portion of property taxes receivable and collections of the 2023 property tax levy are reported as deferred inflows in the fund financial statements. In the government wide statements, however, deferred inflows consist of the entire 2023 property tax levy.		
Fund level deferred property taxes	3,290,404	
Government wide level deferred property taxes	(3,277,292)	
		13,112
Total net position - governmental activities		$ (38,378,320)

See notes to basic financial statements.

Missouri City Management District No. 1
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Property taxes	$ 830,322	$ 892,244	$ -	$ 1,722,566
Penalties and interest		15,401		15,401
Miscellaneous	2,325			2,325
Investment earnings	22,836	54,150	15,804	92,790
Total Revenues	855,483	961,795	15,804	1,833,082
Expenditures				
Operating and administrative				
Professional fees	135,362		91,481	226,843
Contracted services	91,727	34,592		126,319
Repairs and maintenance	160,159			160,159
Utilities	21,684			21,684
Administrative	45,390	11,567		56,957
Other	9,142			9,142
Capital outlay			8,677,674	8,677,674
Debt service				
Principal		105,000		105,000
Interest and fees		434,168		434,168
Developer interest			1,500,481	1,500,481
Debt issuance costs			890,423	890,423
Total Expenditures	463,464	585,327	11,160,059	12,208,850
Revenues Over/(Under) Expenditures	392,019	376,468	(11,144,255)	(10,375,768)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		587,481	11,412,519	12,000,000
Repayment of operating advances			(233,420)	(233,420)
Net Change in Fund Balance	392,019	963,949	34,844	1,390,812
Fund Balance				
Beginning of the year	92,559	601,572	65,298	759,429
End of the year	$ 484,578	$ 1,565,521	$ 100,142	$ 2,150,241

See notes to basic financial statements.

Missouri City Management District No. 1
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balance - governmental funds		$ 1,390,812
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.		7,797
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets and impact fees paid to the City of Missouri City are capitalized and charged to expense over the remaining life of the assets.		
Capital outlays	$ 8,677,674	
Depreciation/amortization expense	(459,706)	
		8,217,968
The District conveys certain infrastructure to the City of Missouri City upon completion of construction. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities,* these amounts are reported as transfers to other governments.		(490,961)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(12,000,000)	
Principal payments	105,000	
Interest expense accrual	(140,836)	
		(12,035,836)
Amounts repaid to the District's developers for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position.*		233,420
Revisions in the estimate of due to developers do not provide financial resources in the funds; but result in an adjustment to net position in the *Statement of Activities.*		(2,905)
Change in net position of governmental activities		$ (2,679,705)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Missouri City Management District No. 1 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established by House Bill No. 4147, 84th Regular Session of the Texas Legislature, codified as Chapter 3931, Texas Special District Local Law Code, effective July 15, 2015, and operates in accordance with Chapter 375, Texas Local Government Code and Texas Water Code, Chapter 49 and 54, as amended. The Board of Directors held its first meeting on January 12, 2016 and the first bonds were issued on August 17, 2021.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, road, and park facilities. The District was established to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare within the boundaries of the District. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll, or pension cost.

Reporting Entity

The District is a political subdivision of the State of Texas governed by a seven-member Board of Directors appointed by the City of Missouri City. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate and be fiscally independent of other governments. Since the District does not have an elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit's governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While the County appoints the Directors of the District, it has no further financial accountability for the District. Under these criteria, the District is not a component unit of the County or any other governmental entity. Another stand-alone government is an entity that does not have a separately elected governing body and is not a component unit of another government. For financial reporting purposes, the District is a stand-alone government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities.*

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current year, financial resources included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage, and road facilities.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2023, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of drainage facilities, landscaping improvements and impact fees paid to the City of Missouri City are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	30 years
Landscaping improvements	20 years
Impact fees	Remaining life of contract

The District's detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2023 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2023 property tax levy, which was levied to finance the 2024 fiscal year.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Districts nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to the City of Missouri City and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of December 31, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 560,040		
	Debt Service	1,601,413		
	Capital Projects	1,679,664		
Total		$ 3,841,117	AAAm	38 days

Note 2 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 3 – Interfund Balances

Amounts due to/from other funds at December 31, 2023, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 225,202	Maintenance tax collections not remitted as of year end
Capital Projects Fund	General Fund	63,000	Excess reimbursement of bond application fees paid by General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2023, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 8,396,144	$ 23,120	$ 8,419,264
Capital assets being depreciated/amortized			
Infrastructure	5,136,709	121,186	5,257,895
Landscaping improvements	2,661,877	64,163	2,726,040
Impact fees	3,336,111	437,055	3,773,166
	11,134,697	622,404	11,757,101
Less accumulated depreciated/amortization			
Infrastructure	(347,874)	(175,264)	(523,138)
Landscaping improvements	(265,091)	(136,303)	(401,394)
Impact fees	(365,902)	(148,139)	(514,041)
	(978,867)	(459,706)	(1,438,573)
Subtotal depreciable capital assets, net	10,155,830	162,698	10,318,528
Capital assets, net	$ 18,551,974	$ 185,818	$ 18,737,792

Depreciation/amortization expense for the current year was $459,706.

Note 5 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Note 5 – Due to Developers (continued)

Changes in the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	$ 41,196,912
Developer funded construction and adjustments	1,136,485
Change in estimate of due to developers	2,905
Repayment of developer advances	(233,420)
Amounts paid to developers	(7,035,152)
Due to developers, end of year	$ 35,067,730

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 25,640,000
Due within one year	$ 550,000

The District's bonds payable at December 31, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2021 Road	$ 3,815,000	$ 4,000,000	2.00% - 3.00%	September 1, 2022/2046	March 1, September 1	September 1, 2027
2022	9,825,000	9,825,000	4.625% - 7.125%	September 1, 2024/2048	March 1, September 1	September 1, 2028
2023	12,000,000	12,000,000	4.50% - 7.00%	September 1, 2024/2048	March 1, September 1	September 1, 2029
	$ 25,640,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At December 31, 2023, the District had $148,206,000 unlimited tax bonds authorized, but unissued for the purpose of acquiring, constructing and improving the water, sanitary sewer and drainage systems withing the district and the refunding of such bonds; $33,227,000 for park and recreational facilities and the refunding of such bonds; and $91,775,000 for road improvements and the refunding of such bonds.

Note 6 – Long-Term Debt (continued)

On December 19, 2023, the District issued its $12,000,000 Series 2023 Unlimited Tax Bonds at a net effective interest rate of 4.889671%. Proceeds of the bonds were used to (1) reimburse developers for the following: the construction of capital assets within the District; engineering, and other costs associated with the construction of capital assets; the acquisition of land for certain District facilities; and operating advances; (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 13,745,000
Bonds issued	12,000,000
Bonds retired	(105,000)
Bonds payable, end of year	$ 25,640,000

Note 6 – Long-Term Debt (continued)

As of December 31, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	$ 550,000	$ 1,023,186	$ 1,573,186
2025	590,000	1,137,600	1,727,600
2026	620,000	1,101,531	1,721,531
2027	650,000	1,063,600	1,713,600
2028	680,000	1,023,800	1,703,800
2029	715,000	982,137	1,697,137
2030	750,000	944,881	1,694,881
2031	785,000	913,825	1,698,825
2032	820,000	881,287	1,701,287
2033	860,000	847,269	1,707,269
2034	900,000	811,544	1,711,544
2035	940,000	773,919	1,713,919
2036	985,000	734,582	1,719,582
2037	1,040,000	693,094	1,733,094
2038	1,090,000	649,307	1,739,307
2039	1,140,000	603,344	1,743,344
2040	1,195,000	555,206	1,750,206
2041	1,245,000	504,281	1,749,281
2042	1,310,000	451,168	1,761,168
2043	1,370,000	394,750	1,764,750
2044	1,440,000	334,882	1,774,882
2045	1,510,000	271,938	1,781,938
2046	1,575,000	205,040	1,780,040
2047	1,405,000	135,183	1,540,183
2048	1,475,000	69,232	1,544,232
	$ 25,640,000	$ 17,106,586	$ 42,746,586

Note 7 – Property Taxes

On May 5, 2018, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and a road maintenance tax limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 7 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of $0.90 per $100 of assessed value, of which $0.435 was allocated to maintenance and operations, $0.155 was allocated to road debt service and $0.31 was allocated to water, sewer and drainage debt service. The resulting tax levy was $1,722,945 on the adjusted taxable value of $191,438,325.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2023 levy collections in the amount of $480,952 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2023 tax levy of $3,277,292 is reported as deferred inflows. These amounts will be recognized as revenue in 2024.

Property taxes receivable, at December 31, 2023, consisted of the following:

Current year taxes receivable	$ 2,796,340
Prior years taxes receivable	10,645
	2,806,985
Penalty and interest receivable	2,468
Total property taxes receivable	$ 2,809,453

Note 8 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Missouri City (the "City"), the District transfers all of its water, sewer, drainage (other than detention facilities) and road facilities to the City (see Note 9). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended December 31, 2023, the District reported transfers to other governments in the amount of $490,961 for projects completed and transferred to the City.

Note 9 – Utility Agreement with the City of Missouri City

On February 15, 2016, as amended December 17, 2018, the District entered into a Utility and Road Agreement with the City of Missouri City (the "City") for construction and extension of water distribution lines, sanitary sewer collection systems, drainage facilities (other than detention facilities) and road improvements to serve the District. Under the agreement, the District is responsible for the construction of a regional lift station and force main to serve the land within the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is thirty years.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

Public roads constructed by the District will be conveyed to the City, the County, or the State upon completion. The District may construct and maintain park and recreation facilities which will be maintained by the District, another District, or a property owner's association, unless otherwise agreed to by the City. The District agrees to make binding arrangements to have the park and recreational facilities maintained by an entity other than the City prior to the City's dissolution of the District.

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

Missouri City Management District No. 1
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 725,480	$ 821,989	$ 830,322	$ 8,333
Miscellaneous		5,000	2,325	(2,675)
Investment earnings	750	13,362	22,836	9,474
Total Revenues	726,230	840,351	855,483	15,132
Expenditures				
Operating and administrative				
Professional fees	142,400	152,300	135,362	16,938
Contracted services	94,300	94,300	91,727	2,573
Repairs and maintenance	90,000	165,000	160,159	4,841
Utilities	20,000	23,000	21,684	1,316
Administrative	30,338	48,600	45,390	3,210
Other	10,000	10,000	9,142	858
Total Expenditures	387,038	493,200	463,464	29,736
Revenues Over Expenditures	339,192	347,151	392,019	44,868
Fund Balance				
Beginning of the year	92,559	92,559	92,559	
End of the year	$ 431,751	$ 439,710	$ 484,578	$ 44,868

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Missouri City Management District No. 1
TSI-1. Services and Rates
December 31, 2023

1. Services provided by the District During the Fiscal Year:

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

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

X Other (Specify): Water and sewer service is provided by the City of Missouri City

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:					to
Wastewater:					to
Surcharge:					to

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

Total charges per 10,000 gallons usage: Water ______ Wastewater ______

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)	
Gallons billed to customers:	N/A	N/A	

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ______

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: ______

5. Location of District

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely [X] Partly [ ] Not at all [ ]

City(ies) in which the District is located: City of Missouri City

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located: ______

Are Board members appointed by an office outside the district? Yes [X] No [ ]

If Yes, by whom? City of Missouri City

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2023

Professional fees		
Legal	$	88,755
Audit		17,000
Engineering		29,607
		135,362
Contracted services		
Bookkeeping		21,677
Operator		64,800
Tax assessor collector		5,250
		91,727
Repairs and maintenance		160,159
Utilities		21,684
Administrative		
Directors fees		15,746
Printing and office supplies		3,975
Insurance		11,579
Other		14,090
		45,390
Other		9,142
Total expenditures	$	463,464

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-3. Investments
December 31, 2023

Fund	Interest Rate	Maturity Date	Balance at End of Year
General Fund			
TexPool	Variable	N/A	$ 560,040
Debt Service Fund			
TexPool	Variable	N/A	1,601,413
Capital Projects Fund			
TexPool	Variable	N/A	1,679,664
Total - All Funds			$ 3,841,117

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-4. Taxes Levied and Receivable
December 31, 2023

	Maintenance Taxes	Road Debt Service Taxes	WSD Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 710,850	$ 253,901	$ 504,632	$ 1,469,383
Adjustments to Prior Year Tax Levy	(4,594)	(1,638)	(3,269)	(9,501)
Adjusted Receivable	706,256	252,263	501,363	1,459,882
2023 Original Tax Levy	1,418,177	106,363	1,666,359	3,190,899
Adjustments	38,397	2,880	45,116	86,393
Adjusted Tax Levy	1,456,574	109,243	1,711,475	3,277,292
Total to be accounted for	2,162,830	361,506	2,212,838	4,737,174
Tax collections:				
Current year	213,756	16,032	251,164	480,952
Prior years	701,091	250,403	497,743	1,449,237
Total Collections	914,847	266,435	748,907	1,930,189
Taxes Receivable, End of Year	$ 1,247,983	$ 95,071	$ 1,463,931	$ 2,806,985
Taxes Receivable, By Years				
2023	$ 1,242,818	$ 93,211	$ 1,460,311	$ 2,796,340
2022	5,079	1,810	3,620	10,509
2021	86	50		136
Taxes Receivable, End of Year	$ 1,247,983	$ 95,071	$ 1,463,931	$ 2,806,985

	2023	2022	2021	2020
Property Valuations:				
Land	$ 47,880,825	$ 38,676,110	$ 22,409,210	$ 9,745,970
Improvements	331,340,879	157,295,648	50,013,296	7,104,193
Personal Property	1,212,268	1,460,460	982,760	220,680
Exemptions	(16,290,364)	(5,993,893)	(1,737,107)	(303,957)
Total Property Valuations	$ 364,143,608	$ 191,438,325	$ 71,668,159	$ 16,766,886
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.40	$ 0.435	$ 0.57	$ 0.90
Road debt service tax rates	0.03	0.155	0.33	
Debt service tax rates	0.47	0.310		
Total Tax Rates per $100 Valuation	$ 0.90	$ 0.900	$ 0.90	$ 0.90
Adjusted Tax Levy:	$ 3,277,292	$ 1,722,945	$ 645,013	$ 150,902
Percentage of Taxes Collected to Taxes Levied **	14.68%	99.39%	99.98%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 5, 2018
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 5, 2018
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
December 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 105,000	$ 96,644	$ 201,644
2025	110,000	94,544	204,544
2026	115,000	92,344	207,344
2027	120,000	90,044	210,044
2028	125,000	87,644	212,644
2029	130,000	85,144	215,144
2030	135,000	82,544	217,544
2031	140,000	79,506	219,506
2032	145,000	76,356	221,356
2033	150,000	73,094	223,094
2034	155,000	69,719	224,719
2035	160,000	66,038	226,038
2036	165,000	62,238	227,238
2037	175,000	58,113	233,113
2038	180,000	53,738	233,738
2039	185,000	49,238	234,238
2040	195,000	44,613	239,613
2041	200,000	39,250	239,250
2042	210,000	33,750	243,750
2043	215,000	27,450	242,450
2044	225,000	21,000	246,000
2045	235,000	14,250	249,250
2046	240,000	7,195	247,195
	$ 3,815,000	$ 1,404,456	$ 5,219,456

See accompanying auditors’ report.

Missouri City Management District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
December 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 205,000	$ 482,781	$ 687,781
2025	215,000	468,175	683,175
2026	225,000	452,856	677,856
2027	240,000	436,825	676,825
2028	250,000	419,725	669,725
2029	265,000	401,912	666,912
2030	275,000	389,656	664,656
2031	290,000	376,938	666,938
2032	305,000	363,525	668,525
2033	320,000	349,419	669,419
2034	335,000	334,619	669,619
2035	350,000	319,125	669,125
2036	370,000	302,938	672,938
2037	390,000	285,825	675,825
2038	410,000	267,788	677,788
2039	430,000	248,825	678,825
2040	450,000	228,937	678,937
2041	470,000	208,125	678,125
2042	495,000	186,387	681,387
2043	520,000	163,494	683,494
2044	545,000	139,444	684,444
2045	575,000	114,237	689,237
2046	600,000	87,644	687,644
2047	630,000	59,894	689,894
2048	665,000	30,756	695,756
	$ 9,825,000	$ 7,119,850	$ 16,944,850

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
December 31, 2023

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 240,000	$ 443,761	$ 683,761
2025	265,000	574,881	839,881
2026	280,000	556,331	836,331
2027	290,000	536,731	826,731
2028	305,000	516,431	821,431
2029	320,000	495,081	815,081
2030	340,000	472,681	812,681
2031	355,000	457,381	812,381
2032	370,000	441,406	811,406
2033	390,000	424,756	814,756
2034	410,000	407,206	817,206
2035	430,000	388,756	818,756
2036	450,000	369,406	819,406
2037	475,000	349,156	824,156
2038	500,000	327,781	827,781
2039	525,000	305,281	830,281
2040	550,000	281,656	831,656
2041	575,000	256,906	831,906
2042	605,000	231,031	836,031
2043	635,000	203,806	838,806
2044	670,000	174,438	844,438
2045	700,000	143,451	843,451
2046	735,000	110,201	845,201
2047	775,000	75,289	850,289
2048	810,000	38,476	848,476
	$ 12,000,000	$ 8,582,280	$ 20,582,280

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 550,000	$ 1,023,186	$ 1,573,186
2025	590,000	1,137,600	1,727,600
2026	620,000	1,101,531	1,721,531
2027	650,000	1,063,600	1,713,600
2028	680,000	1,023,800	1,703,800
2029	715,000	982,137	1,697,137
2030	750,000	944,881	1,694,881
2031	785,000	913,825	1,698,825
2032	820,000	881,287	1,701,287
2033	860,000	847,269	1,707,269
2034	900,000	811,544	1,711,544
2035	940,000	773,919	1,713,919
2036	985,000	734,582	1,719,582
2037	1,040,000	693,094	1,733,094
2038	1,090,000	649,307	1,739,307
2039	1,140,000	603,344	1,743,344
2040	1,195,000	555,206	1,750,206
2041	1,245,000	504,281	1,749,281
2042	1,310,000	451,168	1,761,168
2043	1,370,000	394,750	1,764,750
2044	1,440,000	334,882	1,774,882
2045	1,510,000	271,938	1,781,938
2046	1,575,000	205,040	1,780,040
2047	1,405,000	135,183	1,540,183
2048	1,475,000	69,232	1,544,232
	$ 25,640,000	$ 17,106,586	$ 42,746,586

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-6. Change in Long-Term Bonded Debt
December 31, 2023

	Bond Issue			
	Series 2021 Road	Series 2022	Series 2023	Totals
Interest rate	2.00% - 3.00%	4.625% - 7.125%	4.50% - 7.00%	
Dates interest payable	3/1; 9/1	3/1 ; 9/1	3/1 ; 9/1	
Maturity dates	9/1/22 - 9/1/46	9/1/24 - 9/1/48	9/1/24 - 9/1/48	
Beginning bonds outstanding	$ 3,920,000	$ 9,825,000	$ -	$ 13,745,000
Bonds issued			12,000,000	12,000,000
Bonds retired	(105,000)			(105,000)
Ending bonds outstanding	$ 3,815,000	$ 9,825,000	$ 12,000,000	$ 25,640,000
Interest paid during fiscal year	$ 98,744	$ 362,086	$ -	$ 460,830
Paying agent's name and city All Series	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Recreational Facilities Bonds	Road Facilities
Amount Authorized by Voters	$ 170,031,000	$ 33,227,000	$ 95,775,000
Amount Issued	(21,825,000)		(4,000,000)
Remaining To Be Issued	$ 148,206,000	$ 33,227,000	$ 91,775,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of December 31, 2023: $ 2,086,358

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 1,709,863

See accompanying auditors' report.

Missouri City Management District No. 1
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	$ 830,322	$ 408,301	$ 148,379	$ 63,759	$ 33,916
Penalties and interest				64	5
Miscellaneous	2,325	5,000		161	
Investment earnings	22,836	2,642	204	1,847	457
Total Revenues	855,483	415,943	148,583	65,831	34,378
Expenditures					
Operating and administrative					
Professional fees	135,362	147,654	120,697	126,626	115,156
Contracted services	91,727	55,980	22,743	22,232	19,560
Repairs and maintenance	160,159	218,020	89,744		845
Utilities	21,684	20,401	16,499	1,398	
Administrative	45,390	24,070	16,335	17,514	16,252
Other	9,142	12,421	1,270	413	303
Capital outlay			1,143,573	3,327,195	1,790,139
Total Expenditures	463,464	478,546	1,410,861	3,495,378	1,942,255
Revenues Over/(Under) Expenditures	$ 392,019	$ (62,603)	$ (1,262,278)	$ (3,429,547)	$ (1,907,877)

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
97%	98%	100%	97%	99%
			*	*
*	1%		*	
3%	1%	*	3%	1%
100%	100%	100%	100%	100%
16%	35%	81%	192%	335%
11%	13%	15%	34%	57%
19%	52%	60%		2%
3%	5%	11%	2%	
5%	6%	11%	27%	47%
1%	3%	1%	1%	1%
		770%	5054%	5207%
55%	114%	949%	5310%	5649%
45%	(14%)	(849%)	(5210%)	(5549%)

Missouri City Management District No. 1
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2023	2022	2021
Revenues			
Property taxes	$ 892,244	$ 242,681	$ -
Penalty and interest	15,401	4,799	1,242
Investment earnings	54,150	2,944	34
Total Revenues	961,795	250,424	1,276
Expenditures			
Tax collection services	46,159	31,243	17,014
Debt service			
Principal	105,000	80,000	
Interest and fees	434,168	104,996	
Total Expenditures	585,327	216,239	17,014
Revenues Over/(Under) Expenditures	$ 376,468	$ 34,185	$ (15,738)

See accompanying auditor's report.

Percent of Fund Total Revenues		
2023	2022	2021
92%	97%	
2%	2%	97%
6%	1%	3%
100%	100%	100%
5%	12%	1333%
11%	32%	
45%	42%	
61%	86%	1333%
39%	14%	(1233%)

Missouri City Management District No. 1
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2023

Complete District Mailing Address:	3200 Southwest Freeway, Ste. 2600
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	February 1, 2023
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Anthony C. Francis	06/23 - 06/27	$ 3,047	$ 2,334	President
Adrienne Barker	06/23 - 06/27	2,005	250	Vice President
Wilfred Green	06/21 - 06/25	2,155	271	Secretary
Todd Burrer	06/23 - 06/27	1,194	259	Assistant Secretary
David A. Jackson	01/23 - 06/25	2,297	984	Director
Karen Travelstead	06/21 - 06/25	3,489	2,468	Director
Jaime Virkus	06/23 - 12/23	1,563	335	Former Director
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2016			Attorney
General legal fees		$ 123,030		
Bond counsel		289,518		
Artesian Financial Services	2022	30,118		Bookkeeper
B&A Municipal Tax Service, LLC	2018	20,686		Tax Collector
Fort Bend Cental Appraisal District	Legislation	6,982		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2019	6,965		Delinquent Tax Attorney
Quiddity Engineering, LLC	2016	109,017		Engineer
McGrath & Co., PLLC	Annual	26,500		Auditor
Post Oak Municipal Advisors LLC	2018	200,426		Financial Advisor

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

See accompanying auditors' report.