

December 11, 2023
Item No. 8.9.
Brazos County MUD No. 1 Bond Resolution

Sponsor: Mary Ellen Leonard, Director of Fiscal Services

Reviewed By CBC: City Council

Agenda Caption: Presentation, discussion, and possible action regarding a resolution consenting to the issuance of bonds by the Brazos County Municipal Utility District No. 1 in an amount not to exceed \$8,715,000 for road improvements.

Relationship to Strategic Goals:

Core Services and Infrastructure
Financially Sustainable City

Recommendation(s): City staff recommends the adoption of the Resolution.

Summary: On January 9, 2014, the City Council passed Resolution No. 01-09-14-01 adopting a policy on the creation, operation, and dissolution of Municipal Utility Districts located within the City's incorporated limits or its extraterritorial jurisdiction. Pursuant to the policy, the City Council consented to the formation of Brazos County Municipal Utility District #1 within the City's extraterritorial jurisdiction (the "District") by Resolution No. 03-27-14-01, passed on March 27, 2014. In further compliance with the policy, the City and the District entered into a Utility Agreement Between the City of College Station and Brazos County MUD No. 1 on May 16, 2016 (Contract No. 10300449). Pursuant to the Utility Agreement, the District is authorized to issue, sell, and deliver bonds in compliance with the City's policy and with the City Council's approval.

On November 15, 2023, the Board of Directors for the District approved a cost summary for the issuance of Bonds for \$8,715,000 in road construction bonds within the District and authorized moving forward with the sale of the Bonds subject to the City's approval of the bond sale.

In order for the bond issuance to proceed, the District's draft resolution authorizing the issuance of the bonds must be approved by the City Council to the extent that such resolution is in compliance with the City's policy.

The District's representatives met with the City Manager's Office and City Attorney on November 28, 2023, to discuss the resolution, Preliminary Official Statement, and the schedules showing debt service requirements.

Budget & Financial Summary: There is no financial impact to the City regarding this resolution. Financial impact to the City of College Station will only occur if the area is annexed in the future.

Attachments:

1. Brazos County MUD 1 Resolution Road Bonds 2024
2. 20231106_BIR
3. Brazos County MUD 1 - No Growth Cash Flow (11.09.23)
4. Brazos County MUD 1 - POS V1.5 (11.09.23)
5. Brazos County MUD 1 - Preliminary Timetable (11.20.23)
6. Brazos County MUD 1 - Projected Debt Service Schedule (11.09.23)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, CONSENTING TO THE SALE AND ISSUANCE OF UNLIMITED TAX ROAD BONDS, SERIES 2024, FOR THE BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 IN AN AMOUNT NOT TO EXCEED \$8,715,000.00.

WHEREAS, On January 9, 2014, the City Council of the City of College Station, Texas, passed Resolution No. 01-09-14-01 adopting a city policy setting out the creation, operation, and dissolution of municipal utility districts located within the City’s incorporated limits or its extraterritorial jurisdiction (the Policy); and

WHEREAS, on March 27, 2014, the City Council of the City of College Station, Texas, consented to the creation of Brazos County Municipal Utility District No. 1 (the District) by Resolution No. 03-27-14-01; and

WHEREAS, on May 16, 2016, the City Council of the City of College Station, Texas, approved a Utility Agreement Between the City of College Station and the Brazos County MUD No. 1 (Contract No. 10300449) and a subsequent amendment on December 2, 2016; and

WHEREAS, the Utility Agreement authorizes the District to issue, sell, and deliver bonds from time to time, as deemed necessary and appropriate by the Board of Directors of the District, for the purposes, in such form and manner and as permitted or provided by federal law, the general laws of the State of Texas and the City’s Consent Resolution; and

WHEREAS, the Utility Agreement further requires that the authorizing resolution of the Board of Directors must be approved by the City Council to the extent such resolution is in compliance with the City’s Policy; and

WHEREAS, after reviewing the preliminary official statement and other supporting documents furnished by the District, the City has determined that the issuance of Unlimited Tax Road Bonds, Series 2024, in an amount not to exceed **\$8,715,000.00** is in accordance with the Utility Agreement, adopted resolutions, and all other agreements between the City and the District; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the facts and recitations set forth in this Resolution are declared true and correct.

PART 2: That the City Council hereby consents to the sale and issuance of Unlimited Tax Road Bonds, Series 2024, in an amount not to exceed **\$8,715,000.00** as authorized by the District’s Board of Directors by resolution in substantially the form as attached herein in **Exhibit A**.

PART 3: That this Resolution shall take effect immediately from and after its passage.

ADOPTED this 11th day of December, 2024.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:

City Attorney

EXHIBIT A

**RESOLUTION AUTHORIZING THE ISSUANCE OF \$8,715,000
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
UNLIMITED TAX ROAD BONDS, SERIES 2024**

THE STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

WHEREAS, the bonds hereinafter authorized were duly and favorably voted at an election held in the District on November 5, 2019; and

WHEREAS, the Board of Directors of the District hereby determines that bonds in the amount of \$8,715,000 should be issued, as a portion and the second installment of the \$104,060,000 bonds voted at such election, leaving the remaining \$93,345,000 of such bonds, and any other bonds as may hereinafter be authorized by the District voters, to be issued at a later date; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 THAT:

1. Definitions. Throughout this resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Accounting Principles” means the accounting principles described in the notes to the Audit as such principles may be changed from time to time to comply with State laws or regulations.

“Act” means Chapters 49 and 54, Texas Water Code, as amended.

“Annual Financial Information and Operating Data” means the financial information and operating data of the general type included in the final Official Statement authorized by this Resolution under the headings “DISTRICT DEBT,” (except under the subheading “Estimated Direct and Overlapping Debt Statement”), “TAX DATA,” and in “APPENDIX A” (Financial Statements of the District).

“Audit” means the audited financial statements of the District prepared by an independent auditor in accordance with the rules of the Texas Commission on Environmental Quality in effect at such time.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the District, the Registrar and DTC.

“Board” means the Board of Directors of the District.

“Bond” or “Bonds” means one or more bonds of the issue of Brazos County Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2024, authorized in this Resolution, unless the context clearly indicates otherwise.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to remain closed.

“Closing Date” means on _____, 2024.

“Code” means the Internal Revenue Code of 1986, as amended.

“District” means Brazos County Municipal Utility District No. 1.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System established by the MSRB.

“Financial Obligation” shall have the meaning of such word as used under the Rule.

“Initial Bond” means the Initial Bond authorized by Section 4 of this Resolution.

“Initial Purchaser” means the initial purchaser of the Bonds identified in Section 23 of this Resolution.

“Interest Payment Date,” when used in connection with any Bond, means September 1, 2024, and each March 1 and September 1 thereafter until maturity or prior redemption of such Bond.

“Material” shall have the meaning of such word as used under federal securities laws.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” shall have the meaning of such word as used under the Rule.

“Paying Agent” means the Registrar.

“Record Date” means, for any Interest Payment Date, the fifteenth calendar day of the month next preceding each Interest Payment Date.

“Register” means the books of registration kept by the Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Registered Owner.

“Registered Owner” means any person who shall be the registered owner of any outstanding Bond.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, and its successors in that capacity.

“Resolution” as used herein and in the Bonds means this Resolution authorizing the Bonds.

"Road Capital Projects Fund" means the fund referred to in this Resolution.

“Road Debt Service Fund” means the debt service fund confirmed in this Resolution.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

2. Authorization. The Bonds shall be issued in fully registered form, without coupons, in the total aggregate amount of EIGHT MILLION SEVEN HUNDRED AND FIFTEEN THOUSAND DOLLARS (\$8,715,000) for the purpose or purposes of purchasing, constructing, acquiring, owning, maintaining, operating, repairing, improving, extending, or paying for inside and outside the district’s boundaries, any and all macadamized, graveled or paved roads or facilities in aid thereof, including but not limited to, associated drainage and storm water detention facilities, landscaping and irrigation, and all works, improvements, facilities, equipment, appliances, interests in property, all costs associated with flood plain and wetlands regulation (including mitigation) and endangered species and stormwater permits (including mitigation), and contract rights necessary or convenient therefor, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 52 of Article III, Constitution of Texas, the Act, and the Water Code.

3. Designation, Date, and Interest Payment Dates. The Bonds shall be designated as the “BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 UNLIMITED TAX ROAD BONDS, SERIES 2024,” and shall be dated January 1, 2024. The

Bonds shall bear interest at the rates set forth below from the later of January 1, 2024, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, interest payable on September 1, 2024, and semiannually thereafter on each March 1 and September 1 until maturity or prior redemption.

4. Initial Bond; Interest Rates; Maturities; Principal Amounts and Denominations. The Bonds shall be issued bearing the numbers, in the principal amounts, and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Resolution. The Bonds shall mature on September 1 in each of the years and in the amounts set out in such schedule. The Initial Bond shall be numbered IB-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered in transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

<u>Principal Amount</u>	<u>Year</u>	<u>Interest Rate</u>
\$ 165,000	2025	%
175,000	2026	
180,000	2027	
190,000	2028	
200,000	2029	
210,000	2030	
225,000	2031	
235,000	2032	
250,000	2033	
260,000	2034	
275,000	2035	
290,000	2036	
305,000	2037	
320,000	2038	
335,000	2039	
355,000	2040	
375,000	2041	
390,000	2042	
415,000	2043	

435,000	2044
460,000	2045
480,000	2046
505,000	2047
535,000	2048
560,000	2049
590,000	2050

5. Optional [and Mandatory] Redemption. Portions of the Bonds are subject to optional redemption on the dates and at the redemption prices set forth in the form of the Bonds in this Resolution.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. 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 Registrar by lot or other customary method of selection. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with this Resolution, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least 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 Bonds are to be surrendered for payment and, if less than all Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or portions thereof to be redeemed. Any notice given as provided in this Section 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 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 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

6. Execution of Bonds; Seal. The Bonds shall be signed by the President or Vice President of the Board and countersigned by the Secretary or Assistant Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, (the "Initial Bond"), payable in stated installments to the Initial Purchaser or its designee, executed by manual or facsimile signature of the President or Vice President and Secretary or Assistant Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, shall be delivered to the Initial Purchaser or its designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver Bonds to DTC in accordance with Section 13.

7. Approval by Attorney General; Registration by Comptroller. The Bonds to be initially issued shall be delivered to the Attorney General of Texas for approval and shall be registered by the Comptroller of Public Accounts of the State of Texas. The manually executed registration certificate of the Comptroller of Public Accounts substantially in the form provided in this Resolution shall be attached or affixed to the Bonds to be initially issued.

8. Authentication. Except for the Initial Bond, which need not be authenticated by the Registrar, in the event the Book-Entry-Only system is discontinued, only such Bonds which bear thereon a certificate of authentication, substantially in the form provided in this Resolution, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Resolution or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Bonds so authenticated were delivered by the Registrar hereunder.

9. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of and interest on the Bonds are 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. Principal is payable upon presentation and surrender of the Bonds as they respectively become due and payable, whether at maturity or by prior

redemption, at the principal payment office of the Registrar in Dallas, Texas. Interest is payable by check or draft dated as of the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Registered Owner of record as of the Record Date, first class, postage prepaid, to the address of such Registered Owner as shown in the Register, or by such other customary banking arrangements as may be agreed upon by the Registrar and the Registered Owner, at the risk and expense of the Registered Owner.

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 with the same force and effect as if made on the date such payment was originally due.

10. Successor Registrars. The District covenants that at all times while any Bonds are outstanding it will provide a national or state banking institution, which shall be 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 which shall be subject to supervision or examination by federal or state authority, to act as Registrar for the Bonds. The District reserves the right to change the Registrar for the Bonds on not less than 30 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or Interest Payment Date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

11. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

12. Ownership; Unclaimed Principal and Interest. The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making and receiving payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the

Registered Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Registered Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Book-Entry-Only System. (a) The Initial Bond shall be registered in the name of Cede & Co. Except as provided in this Section 13 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the District and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the resolution of the respective Registered Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Registered Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(c) The execution and delivery of the Blanket Issuer Letter of Representations is hereby approved with such changes as may be approved by the President or Vice President of the Board, and the President or Vice President of the Board is hereby authorized and directed to execute such Blanket Issuer Letter of Representations.

14. Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the District in its sole discretion, determines that the beneficial owners of the Bonds be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

15. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

16. Registration, Transfer, and Exchange. This section is subject to the provisions of Section 13, entitled "Book-Entry-Only System." So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the operations office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar for a Bond or Bonds of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

17. Mutilated, Lost, or Stolen Bonds. Subject to the provisions of Section 13, entitled "Book-Entry-Only System," upon the presentation and surrender to the Registrar of a mutilated Bond, the 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, apparently destroyed, or wrongfully taken, 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 execute and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Registered Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the District to hold them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

18. Cancellation of Bonds. Subject to the provisions in Section 13, entitled "Book-Entry-Only System," all Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. Upon request, the Registrar shall furnish the District with appropriate certificates of destruction of such Bonds.

19. Forms. The form of the Bonds, including the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, which shall be attached or affixed to the Bonds initially issued, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Resolution, including any legend regarding bond insurance if such insurance is obtained by the purchaser:

a. Form of Bond

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZOS

REGISTERED
NUMBER
R-__

REGISTERED
\$_____

BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
 UNLIMITED TAX ROAD BOND
 SERIES 2024

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP NO.:
		January 1, 2024	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 (the "District") promises to pay to the Registered Owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the principal payment office of the registrar (the "Registrar"), initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the principal amount identified above, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of January 1, 2024, or the most recent interest payment date to which interest has been paid or duly provided for. Principal of and interest on this Bond are payable 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. Interest on this Bond is payable by check or draft on each March 1 and September 1 until the earlier of maturity or prior redemption, beginning on September 1, 2024, mailed to the Registered Owner as shown on the books of registration kept by the Registrar as of the fifteenth day of the month next preceding each interest payment date (the "Record Date"), or by such other customary banking arrangements as may be agreed upon by the Registrar and the Registered Owner, at the risk and expense of the Registered Owner. The Bond is dated as of the Issue Date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$8,715,000 (the "Bonds"), issued for the purpose or purpose or purposes of purchasing, constructing, acquiring, owning, maintaining, operating, repairing, improving, extending, or paying for inside and outside the district's boundaries, any and all macadamized, graveled or paved roads or facilities in aid thereof, including but not limited to, associated drainage and storm water detention facilities, landscaping and irrigation, and all works, improvements, facilities, equipment, appliances, interests in property, all costs associated with flood plain and wetlands regulation (including mitigation) and endangered species and stormwater permits (including mitigation), and contract rights necessary or convenient therefor, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 52 of Article III, Constitution of Texas, the Act, by authority of an election held for and within the District on November 5, 2019, and

pursuant to a resolution adopted by the Board of Directors on _____, 2024 (the "Resolution").

THIS BOND, and the other Bonds of the series of which it is a part, are payable from the proceeds of an annual ad valorem tax levied without legal limitation as to rate or amount upon all taxable property within the District. Reference is hereby made to the Resolution for a complete description of the terms, covenants and provisions pursuant to which this Bond and said series of Bonds are secured and made payable; the respective rights thereunder of the Registered Owners of the Bonds, the District and the Registrar; and the terms upon which the Bonds are, and are to be, registered and delivered.

THE DISTRICT RESERVES THE RIGHT, at its option, to redeem the Bonds maturing on or after September 1, 2031, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on September 1, 2030, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. If fewer than all 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 Registrar by lot or other customary method of election (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). In selecting portions of Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with the provisions of the Resolution, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered. Reference is made to the Resolution for complete details concerning the manner of redeeming the Bonds.

NOTICE OF ANY REDEMPTION shall be given at least 30 days prior to the date fixed for redemption by first class mail, addressed to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the operations office of the Registrar for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

NEITHER THE DISTRICT nor the Registrar shall be required to transfer or exchange any Bond during the period beginning on a Record Date and ending on the next succeeding interest payment date or to transfer or exchange any Bond called for redemption during the 30-day period prior to the date fixed for redemption of such Bond.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE DISTRICT has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed first class, postage prepaid, to each Registered Owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, without legal limit as to rate or amount, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the District and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the President or Vice President of the Board of Directors and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Board of Directors, and the official seal of the District has been duly impressed, or placed in facsimile, on this Bond.

BRAZOS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 1

(SEAL)

President, Board of Directors

Secretary, Board of Directors

- b. Form of Registration Certificate of Comptroller of Public Accounts

COMPTROLLER’S REGISTRATION CERTIFICATE:

REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this .

Comptroller of Public Accounts
of the State of Texas

(SEAL)

- c. Form of Registrar’s Authentication Certificate

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Resolution described in the text of this Bond, in exchange for or in replacement of a bond, bonds or a portion of a bond or bonds of a series which was originally approved by the Attorney General of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

The Bank of New York Mellon Trust
Company, N.A.

By: _____

Authorized Signature

Date of Authentication:

d. Form of Assignment

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

NOTICE: The signature above must correspond to the name of the Registered Owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

e. The Initial Bond shall be in the form set forth in paragraphs a, b, and d of this Section, except for the following alternations:

i. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP No." deleted;

ii. in the first paragraph of the Bond, the words "on the maturity date specified above," "the principal amount identified above," and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence " . . ., with such principal to be paid in installments on September 1 in each of the years and in the

principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule.”

[Information to be inserted from schedule in Section 4]

iii. the Initial Bond shall be numbered IB-1.

20. Legal Opinion; CUSIP; Bond Insurance. The approving opinion of Allen Boone Humphries Robinson LLP, Houston, Texas, and CUSIP numbers may be printed on the Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Bonds. If bond insurance is obtained by the purchaser, the Bonds may bear an appropriate legend as provided by the insurer.

21. Road Debt Service Fund; Tax Levy. The Road Debt Service Fund is hereby created and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Resolution shall be deposited, as collected, in such Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually levied, assessed and collected in due time, form and manner, and at the same time other District taxes are levied, assessed and collected, in each year, beginning in the current year, a continuing direct annual ad valorem tax, without legal limit as to rate, upon all taxable property in the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

There is hereby appropriated from the proceeds of sale of the six (6) months’ interest on the Bonds, which amount shall be deposited into the Road Debt Service Fund and used to pay interest on the Bonds, and such amount shall be used for no other purpose.

22. Further Proceedings. After the Bonds to be initially issued have been executed, it shall be the duty of the President or Vice President and Secretary or Assistant Secretary of the Board and other appropriate officials and agents of the District to deliver the Bonds to be initially issued and all pertinent records and proceedings to the Attorney General of Texas, for examination and approval. After the Bonds to be initially issued have been approved by the Attorney General, they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Bonds to be initially issued, the Comptroller of Public Accounts (or the Comptroller’s bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller’s Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

23. Sale; Proceeds. The sale and delivery of the Bonds to [REDACTED] (herein referred to as the "Initial Purchaser") at a price of \$ [REDACTED], plus accrued interest thereon to date of delivery, is hereby authorized, approved, ratified and confirmed, subject to the approving opinion as to the legality of the Bonds of the Attorney General of Texas, and of Allen Boone Humphries Robinson LLP, Houston, Texas, bond counsel. It is hereby found and declared that the Initial Purchaser's bid produced the lowest net effective interest rate for the Bonds after advertisement and public sale, and that the net effective interest rate resulting from such bid is [REDACTED] % which rate is less than the maximum rate permitted by law, and is determined to be in the District's best interest, per Section 1201.022(a)(3)(B) of the Government Code.

Accrued interest and capitalized interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund, which fund is hereby confirmed, and, together with investment earnings of such proceeds, shall be used for the purposes set forth in Section 2 of this Resolution and to pay costs of issuance. After all the roads and facilities described in Section 2 of this Resolution are constructed, any remainder shall be transferred to the Road Debt Service Fund, in accordance with the applicable laws and regulations in effect at such time.

24. Investments. Moneys deposited into the Road Debt Service or Road Capital Projects Funds and any other fund or funds that the District may lawfully create may be invested or reinvested in authorized investments. All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that in the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Road Debt Service Fund.

25. Defeasance and Refunding. The District reserves the right to defease or refund the Bonds in any manner provided by law.

26. Remedies in Event of Default. In addition to all of the rights and remedies provided by laws of the State of Texas, the District further covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Road Debt Service Fund or any other fund or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution, the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in this Resolution. Any delay or omission to exercise any right or power occurring upon any default shall not impair any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

27. Federal Income Tax Exclusion.

(a) General. The District intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Income Tax Regulations (the "Regulations"). The District covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the District covenants and agrees to comply with each requirement of this Section 27; provided, however, that the District shall not be required to comply with any particular requirement of this Section 27 if the District has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the District has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 27 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 27.

(b) No Private Use or Payment and No Private Loan Financing. The District covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the District shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The District covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The District covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The District covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the District shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the District will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the District does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the District will take all necessary steps to comply with the requirement that certain amounts earned by the District on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the District will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the District allocable to other bond issue of the District or moneys which do not represent gross proceeds of any bonds of the District, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the District will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The District covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Resolution, the District’s obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds.

28. Qualified Tax-Exempt Obligations. The Bonds are not “qualified tax-exempt obligations” for purposes of section 265(b) of the Code.

29. Official Statement. The District ratifies and confirms its prior approval of the form and content of the Preliminary Official Statement prepared in the initial offering of the Bonds and hereby authorizes and approves the amendment of the Preliminary Official Statement to add the terms of the Initial Purchaser’s bid and to make any other changes necessary to comply with the provisions of this Resolution and existing law. The use of such final Official Statement in the reoffering of the Bonds by the Initial Purchaser is hereby approved and authorized. The proper officials of the District are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

30. Continuing Disclosure Undertaking.

(a) Annual Reports. The District shall provide annually to the MSRB’s EMMA system, within six months after the end of each fiscal year of the District ending in or after 2024, Annual Financial Information and Operating Data with respect to the District. Any financial statements so provided shall be (1) prepared in accordance with the Accounting Principles described in this Resolution and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements, if and when the audit report on such statements becomes available.

If the District changes its fiscal year, the District will notify EMMA of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s internet website or filed with the SEC.

All documents provided to EMMA by the District pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

The District shall notify EMMA, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this subsection (a) by the time required by this subsection (a).

(b) Event Notices. The District shall notify EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if Material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. 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;
- G. Modifications to rights of holders of the Bonds, if Material;
- H. Bond calls, if Material, and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if Material;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the District or other Obligated Person;
- M. Consummation of a merger, consolidation, or acquisition involving the District or other Obligated Person or the sale of all or substantially all of the assets of the District or other Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material;
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if Material;
- O. Incurrence of a Financial Obligation of the District or other Obligated Person, if Material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District or other Obligated Person, any of which affect beneficial owners of the Bonds, if Material; and
- P. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District or other Obligated Person, any of which reflect financial difficulties.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "Obligated Person" with respect to the Bonds, except

that the District in any event will give the notice required by subsection (b) of this Section of any Bond calls and defeasance that cause the District to be no longer such an Obligated Person.

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the original primary offering of the Bonds in compliance with the Rule, taking into account any amendments and 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 (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or a Person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners

and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that its right to do so would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

31. Related Matters. To satisfy in a timely manner all of the District's obligations under this Resolution, the President or Vice President and Secretary or Assistant Secretary of the Board of Directors of the District and all other appropriate officers and agents of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Resolution.

32. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the District are hereby authorized to execute such agreement for and on behalf of the District.

33. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the District or any person executing any Bonds.

34. District's Successors and Assigns. Whenever in this Resolution the District is named and referred to it shall be deemed to include its successors and assigns, and all covenants and agreements in this Resolution by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

35. Benefits of Resolution Provisions. Nothing in this Resolution or in the Bonds, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the District, the Registrar and the Registered Owners, any legal or equitable right or claim under or in respect of this Resolution, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions contained in this Resolution or in the Bonds being for the sole benefit of the District, the Registrar and the Registered Owners.

36. Severability Clause. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such

word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any other persons or circumstances shall not be affected thereby.

37. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, Section 49.063, Texas Water Code, and Governor Greg Abbott's emergency directive suspending certain provisions of the Texas Open Meetings Act and allowing public meetings to be held via teleconference due to the COVID-19 pandemic, dated March 16, 2020.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED on this 1st day of December, 2023.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

I, the undersigned officer of the Board of Directors of Brazos County Municipal Utility District No. 1, hereby certify as follows:

1. The Board of Directors of Brazos County Municipal Utility District No. 1 convened in regular session on December 1, 2023, and the roll was called of the members of the Board:

Robert "Hunter" Goodwin	President
Charles Moreau	Vice President
Lawrence B. Hodges, Jr.	Secretary
Kyle Davis	Assistant Secretary
Brian G. Fisher	Assistant Vice President

and all of said persons were present except Director(s) _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

**RESOLUTION AUTHORIZING THE ISSUANCE OF \$8,715,000
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
UNLIMITED TAX ROAD BONDS, SERIES 2024**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. A true, full, and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; the action approving the resolution has been duly recorded in the Board's minutes of the meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid meeting, and that the resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; the meeting was open to the public as required by law; and public notice of the time, place, and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, as suspended by the Governor of the State of Texas.

SIGNED AND SEALED on this 1st day of December, 2023.

(SEAL)

Secretary, Board of Directors

SUMMARY OF COST
Brazos County Municipal Utility District No. 1
Road Bond Issue No. 2

CONSTRUCTION COSTS	BIR Share
A. Developer Contribution Items	
1. Southern Pointe SH 6 Entrance	673,033
<i>a. Move-In and Start-Up</i>	32,228
<i>b. Paving Items</i>	640,805
2. Southern Pointe Section 200	1,135,624
<i>a. Move-In and Start-Up</i>	22,010
<i>b. Paving Items</i>	1,113,614
3. Southern Pointe Section 101	449,580
<i>a. Move-In and Start-Up</i>	6,488
<i>b. Clearing and Grubbing</i>	7,381
<i>c. Paving Items</i>	435,711
4. Southern Pointe Section 102	611,653
<i>a. Move-In and Start-Up</i>	28,451
<i>b. Street Construction Items</i>	583,202
5. Southern Pointe Section 201	921,080
<i>a. Move-In and Start-Up</i>	39,831
<i>b. Street Construction Items</i>	881,249
6. Southern Pointe Sections 103 and 119	400,323 (1.)
<i>a. Move-In and Start-Up</i>	17,396
<i>b. Street Construction Items</i>	357,001
<i>c. Change Order</i>	25,926
7. Engineering Costs	491,377
Total Developer Contribution Items	\$ 4,682,670

B. District Items

1. Land Acquisition		(2.)
a. Section 200 and SH6 Entrance	1,015,529	
b. Section 101	284,091	
c. Section 102	304,555	
d. Section 201	501,520	
e. Sections 103 and 119	347,552	
	Total District Contribution Items	\$ 2,453,247

TOTAL CONSTRUCTION COSTS (81.88% of BIR) \$ 7,135,917

NONCONSTRUCTION COSTS

A. Legal Fees	214,300
B. Fiscal Agent Fees	150,725
C. Interest Costs	
1. Capitalized Interest (6 mo. @ 5.25%)	228,769
2. Developer Interest (5.25%)	639,652
D. Bond Discount (3%)	261,450
E. Bond Issuance Costs	40,472
F. Bond Application Report Costs	35,000
G. Attorney General's Fee (0.10%)	8,715

TOTAL NONCONSTRUCTION COSTS (18.12% of BIR) \$ 1,579,083

TOTAL BOND ISSUE REQUIREMENT (BIR) \$ 8,715,000

Notes:

- (1.) The District proposes to pay for 45.4 % of the project costs for this section (\$400,323). The remaining 54.6 % of the cost (\$481,447) will be covered in a future bond application. The total project cost for this section is \$881,770.
- (2.) Assumes a land purchase price of \$75,000 per acre.

**Brazos County Municipal Utility District No. 1
2023 No Growth Cash Flow**

Tax Roll January 1	Taxable Assessed Value	Tax Rate (M&O)	Projected Collections at 95%	Tax Rate (Debt)	Projected Collections at 95%	Available for Calendar Year	Beginning Debt Service Fund Balance (c)	Investments Earnings at 5.00%	Capitalized Interest	Total Available Funds	Series 2024				Projected Total Debt Service	Ending Debt Service Fund Balance	of Next Year's Debt Service	
											Existing Debt Service	Principal	Interest	Debt Service				
2023	\$ 127,401,551 (a)	0.6000	\$ 726,189	0.400000	\$ 509,606	2024	\$ 247,103	12,355	228,769	\$ 997,833	\$ 435,260	\$ -	\$ 305,025	\$ 305,025	\$ 740,285	\$ 257,548	24.27%	
2024	161,420,709 (b)	0.2500	383,374	0.750000	1,150,123	2025	257,548	12,877		1,420,548	438,648	165,000	457,538	622,538	1,061,185	359,363	33.88%	
2025	161,420,709	0.2500	383,374	0.750000	1,150,123	2026	359,363			1,509,486	436,779	175,000	448,875	623,875	1,060,654	448,832	42.37%	
2026	161,420,709	0.2500	383,374	0.750000	1,150,123	2027	448,832			1,598,954	439,579	180,000	439,688	619,688	1,059,266	539,688	50.81%	
2027	161,420,709	0.2500	383,374	0.750000	1,150,123	2028	539,688			1,689,811	441,893	190,000	430,238	620,238	1,062,130	627,681	59.27%	
2028	161,420,709	0.2500	383,374	0.750000	1,150,123	2029	627,681			1,777,803	438,720	200,000	420,263	620,263	1,058,983	718,821	67.35%	
2029	161,420,709	0.2500	383,374	0.750000	1,150,123	2030	718,821			1,868,943	447,536	210,000	409,763	619,763	1,067,299	801,645	74.95%	
2030	161,420,709	0.2500	383,374	0.750000	1,150,123	2031	801,645			1,951,767	445,802	225,000	398,738	623,738	1,069,540	882,227	82.02%	
2031	161,420,709	0.2500	383,374	0.750000	1,150,123	2032	882,227			2,032,350	453,734	235,000	386,925	621,925	1,075,659	956,691	88.95%	
2032	161,420,709	0.2500	383,374	0.750000	1,150,123	2033	956,691			2,106,814	451,006	250,000	374,588	624,588	1,075,594	1,031,220	95.53%	
2033	161,420,709	0.2500	383,374	0.750000	1,150,123	2034	1,031,220			2,181,342	458,007	260,000	361,463	621,463	1,079,470	1,101,872	102.30%	
2034	161,420,709	0.2500	383,374	0.750000	1,150,123	2035	1,101,872			2,251,995	454,310	275,000	347,813	622,813	1,077,122	1,174,872	109.93%	
2035	161,420,709	0.2500	383,374	0.750000	1,150,123	2036	1,174,872			2,324,995	445,406	290,000	333,375	623,375	1,068,781	1,256,214	117.46%	
2036	161,420,709	0.2500	383,374	0.750000	1,150,123	2037	1,256,214			2,406,336	446,319	305,000	318,150	623,150	1,069,469	1,336,868	124.48%	
2037	161,420,709	0.2500	383,374	0.750000	1,150,123	2038	1,336,868			2,486,990	451,819	320,000	302,138	622,138	1,073,956	1,413,034	132.41%	
2038	161,420,709	0.2500	383,374	0.750000	1,150,123	2039	1,413,034			2,563,156	446,825	335,000	285,338	620,338	1,067,163	1,495,994	138.62%	
2039	161,420,709	0.2500	383,374	0.750000	1,150,123	2040	1,495,994			2,646,116	456,438	355,000	267,750	622,750	1,079,188	1,566,929	145.86%	
2040	161,420,709	0.2500	383,374	0.750000	1,150,123	2041	1,566,929			2,717,052	450,138	375,000	249,113	624,113	1,074,250	1,642,802	152.39%	
2041	161,420,709	0.2500	383,374	0.750000	1,150,123	2042	1,642,802			2,792,924	458,625	390,000	229,425	619,425	1,078,050	1,714,874	158.01%	
2042	161,420,709	0.2500	383,374	0.750000	1,150,123	2043	1,714,874			2,864,997	461,313	415,000	208,950	623,950	1,085,263	1,779,734	163.19%	
2043	161,420,709	0.2500	383,374	0.750000	1,150,123	2044	1,779,734			2,929,857	468,425	435,000	187,163	622,163	1,090,588	1,839,269	168.14%	
2044	161,420,709	0.2500	383,374	0.750000	1,150,123	2045	1,839,269			2,989,392	469,564	460,000	164,325	624,325	1,093,889	1,895,503	173.85%	
2045	161,420,709	0.2500	383,374	0.750000	1,150,123	2046	1,895,503			3,045,626	470,110	480,000	140,175	620,175	1,090,285	1,955,341	197.50%	
2046	161,420,709	0.2500	383,374	0.750000	1,150,123	2047	1,955,341			3,105,463	370,069	505,000	114,975	619,975	990,044	2,115,419	212.41%	
2047	161,420,709	0.2500	383,374	0.750000	1,150,123	2048	2,115,419			3,265,542	372,435	535,000	88,463	623,463	995,898	2,269,644	229.43%	
2048	161,420,709	0.2500	383,374	0.750000	1,150,123	2049	2,269,644			3,419,767	368,868	560,000	60,375	620,375	989,243	2,430,524	244.07%	
2049	161,420,709	0.2500	383,374	0.750000	1,150,123	2050	2,430,524			3,580,647	374,850	590,000	30,975	620,975	995,825	2,584,822	#DIV/0!	
											\$ 11,852,475	\$ 8,715,000	\$ 7,761,600	\$ 16,476,600	\$ 28,329,075			

(a) Reflects the 2023 Certified Taxable Assessed Valuation of \$127,401,551 as provided by BCAD.
(b) Based on an Estimate of Taxable Assessed Valuation as of August 1, 2023, as provided by BCAD.
(c) Based on total Debt Service Funds available as of October 3, 2023.
(d) Based on an anticipated issue date of January 1, 2024 at 5.25% interest.

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 "Aaa"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" HEREIN.

\$8,715,000

BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
(A political subdivision of the State of Texas located within Brazos County)
UNLIMITED TAX ROAD BONDS, SERIES 2024

Dated: January 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/registrars, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds will accrue from January 1, 2024, and be payable on September 1, 2024, and on each March 1 and September 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	Principal	Interest	Initial	CUSIP	Due	Principal	Interest	Initial	CUSIP
<u>September 1</u>	<u>Amount (a)</u>	<u>Rate</u>	<u>Reoffering</u>	<u>Number</u>	<u>September 1</u>	<u>Amount (a)</u>	<u>Rate</u>	<u>Reoffering</u>	<u>Number</u>
			<u>Yield (b)</u>	<u>106206 (c)</u>				<u>Yield (b)</u>	<u>106206 (c)</u>
2025	\$ 165,000				2038	\$ 320,000 (d)			
2026	175,000				2039	335,000 (d)			
2027	180,000				2040	355,000 (d)			
2028	190,000				2041	375,000 (d)			
2029	200,000				2042	390,000 (d)			
2030	210,000				2043	415,000 (d)			
2031	225,000 (d)				2044	435,000 (d)			
2032	235,000 (d)				2045	460,000 (d)			
2033	250,000 (d)				2046	480,000 (d)			
2034	260,000 (d)				2047	505,000 (d)			
2035	275,000 (d)				2048	535,000 (d)			
2036	290,000 (d)				2049	560,000 (d)			
2037	305,000 (d)				2050	590,000 (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 January 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 Brazos County Municipal Utility 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, Brazos County, the City of College Station 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, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about January 9, 2024.

Bids Due: Wednesday, December 13, 2023, at 10:00 a.m., Houston Time in Houston, Texas
Bid Award: Wednesday, December 13, 2023, at 12:00 p.m., Houston Time in Houston, Texas

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

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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* Brazos County Municipal Utility District No. 1 (the “District”), a political subdivision of the State of Texas, is located in Brazos County, Texas and within the extraterritorial jurisdiction of the City of College Station (the “City”). See “THE DISTRICT.”
- The Issue* \$8,715,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors and a City consent resolution. 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 January 1, 2024, and is payable on September 1, 2024, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption.
- 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. Upon redemption, the Bonds will be payable 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 second series of bonds issued out of an aggregate of \$104,060,000 principal amount of unlimited tax bonds authorized by the District’s voters for roads and refunding outstanding road bonds. The Bonds are issued pursuant to the Bond Resolution; an election held within the District; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions, including Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and approval by the City. See “THE BONDS—Authority for Issuance.”
- 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, Brazos County, the City of College Station 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 engineering and construction costs for paving projects, to pay interest on funds advanced by the Developer (as defined herein) on behalf of the District, and to pay certain other costs and engineering 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 \$7,425,000 principal amount remained outstanding as of October 31, 2023 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.

Not Qualified Tax-Exempt

Obligations The District will not designate the Bonds as “qualified tax-exempt obligations” for financial institutions.

Municipal Bond Rating & Municipal Bond

Insurance Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “ ” 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. An application has also 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 L.L.P., Bond Counsel, Houston, Texas.

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

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

Engineer Costello Inc, Houston, Texas.

THE DISTRICT

Description The District was created by order of the TCEQ dated January 14, 2015. The District contains approximately 553 acres of land and is located on the east side of Texas State Highway 6 (the “SH 6”) and the north side of Peach Creek Cut Off Road. The District is approximately 8 miles south of downtown College Station. The District abuts the corporate limits of and lies entirely within the extraterritorial jurisdiction of the City of College Station and within the boundaries of the College Station Independent School District. See “AERIAL PHOTOGRAPH.”

Status of Development Development in the District began in 2017. With the consent of the District, the Developer has financed the design and construction of underground utility and road facilities to serve approximately 138 acres developed as 542 single-family residential lots.

The District is being developed as a single-family residential development known as Southern Pointe Community. Amenities constructed in the District include walking trails and ponds on approximately 59 acres. Home construction began in January of 2019, and, as of October 31, 2023, the District contained 268 single-family homes completed and occupied, 32 vacant single-family homes (including 5 model homes), 43 single-family homes under construction, and 199 completed lots available for home construction. Homebuilding in the District is being conducted by Stylecraft Builders, First Omega Homes, Kaleo Homes, D.R. Horton, Ranger Home Builders, and Gehan Homes. New homes in the District range in price from approximately \$300,000 to \$450,000.

The Developer is currently preparing approximately 124 single-family residential lots under construction for home builders. Construction of underground utilities is underway for approximately 52 acres in the District, which will be developed for commercial and multi-family development, but no vertical improvements have been constructed to date. The remainder of the District consists of approximately 304 acres of developable but undeveloped land. See “THE DISTRICT—Land Use” and “—Status of Development.”

The Developer and

Major Landowner.....BV Southern Pointe Development Inc., a Texas corporation (the “Developer” or “BVSoPo”), was formed for the purpose of developing single-family residential land in the District and is the only active development entity in the District. BVSoPo has developed all existing single-family residential lots in the District. Phillips 3 Land Holdings LLC (the “Major Landowner” or “Phillips”) was formed for the sole purpose of owning land in the District. Phillips currently owns approximately 356 acres in the District. The Developer and Major Landowner are related entities. BVSoPo has agreed to terms whereby they will purchase land within the District from Phillips for the purpose of development. The Developer and Major Landowner have entered into Development Financing Agreements with the District to provide financing for construction of water, sewer, and drainage and road facilities for the District. See “THE DEVELOPER AND MAJOR LANDOWNER” and “TAX DATA—Principal Taxpayers.”

Water and Wastewater.....Retail water and wastewater service for development within the District is provided by the College Station Utilities (“CSU”). CSU holds the requisite certificates of convenience and necessity over the land within the District. See “WATER SUPPLY AND WASTEWATER TREATMENT.”

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 INVESTMENT RISKS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION

2023 Certified Taxable Assessed Valuation.....	\$127,401,551 (a)
Estimated Taxable Assessed Valuation as of August 1, 2023.....	\$161,420,709 (b)
 Gross Debt Outstanding (after issuance of the Bonds).....	 \$16,140,000
Estimated Overlapping Debt.....	1,535,106 (c)
Gross Debt and Estimated Overlapping Debt.....	\$17,675,106

Ratios of Gross Debt to:

2023 Certified Taxable Assessed Valuation.....	12.67%
Estimated Taxable Assessed Valuation as of August 1, 2023.....	10.00%

Ratios of Gross Debt and Estimated Overlapping Debt to:

2023 Certified Taxable Assessed Valuation.....	13.87%
Estimated Taxable Assessed Valuation as of August 1, 2023.....	10.95%

Fund Balance Available as of November 3, 2023:

Operating Fund.....	\$192,828 (d)
Road Escrow Fund.....	\$45,440 (e)
Road Debt Service Fund.....	\$152,269 (f) (g)
WS&D Debt Service Fund.....	\$94,834 (f)
Road Capital Projects Fund.....	\$0 (h)
WS&D Capital Projects Fund.....	\$0

2023 Tax Rate:

Road Debt Service.....	\$0.045
WS&D Debt Service.....	\$0.355
Maintenance and Operations.....	\$0.585
Road Maintenance.....	\$0.015
Total.....	\$1.000

Projected Average Annual Debt Service Requirements (2024-2050) of the Bonds

and the Outstanding Bonds ("Average Requirement").....	\$1,049,225
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Projected Tax Rate Required to Pay Average Requirement based upon:

2023 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$0.87 /\$100 A.V.
Estimated Taxable Assessed Valuation as of August 1, 2023 at a 95% collection rate.....	\$0.69 /\$100 A.V.

Projected Maximum Annual Debt Service Requirements (2045) of the Bonds

and the Outstanding Bonds ("Maximum Requirement").....	\$1,093,889
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Projected Tax Rate Required to Pay Maximum Requirement based upon:

2023 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$0.91 /\$100 A.V.
Estimated Taxable Assessed Valuation as of August 1, 2023 at a 95% collection rate.....	\$0.72 /\$100 A.V.

- (a) As certified by the Brazos Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on August 1, 2023. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2023, and January 1, 2024, will be certified as of January 1, 2024. See "TAX PROCEDURES."
- (c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (d) See "RISK FACTORS – Operating Funds."
- (e) The District maintains funds in the escrow for maintenance of public roads in accordance with its agreement with Brazos County.
- (f) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the 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, including the Bonds (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities (the "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 Water, Sewer, and Drainage Debt Service Fund is not pledged to the Road Bonds.
- (g) Accrued interest on the Bonds will be deposited to the Road 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.
- (h) To be initially funded upon closing of the Bonds.

PRELIMINARY OFFICIAL STATEMENT
\$8,715,000
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
(A political subdivision of the State of Texas located within Brazos County)
UNLIMITED TAX ROAD BONDS, SERIES 2024

This Official Statement provides certain information in connection with the issuance by Brazos County Municipal Utility District No. 1 (the “District”) of its \$8,715,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”).

The Bonds are issued pursuant to a Bond Resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”); an election held within the District; approval by the City of College Station (the “City”); Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and general laws of the State of Texas relating to the issuance of bonds by political subdivisions.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and BV Southern Pointe Development, Inc. (the “Developer”), the developer 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, Brazos County, the City of College Station 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 residences and developed lots which are being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such properties is related to general economic conditions in the City of College Station, 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 commercial 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. The success of development within the District and growth of District taxable property values are, to a great extent, a function of the City of College Station and regional economies and national credit and financial markets. A downturn in the economic conditions in the College Station area, including Texas A&M University, or a 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.

Developer Obligation to the District

There are no commitments from or obligations of the Developer, the Major Landowner, 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.

Competition

The demand for and construction of single-family homes in the District could be affected by competition from other residential developments including other residential developments located in College Station. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

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 owners of property within the District to pay their taxes. The 2023 Certified Taxable Assessed Valuation is \$127,401,551 and the Estimated Taxable Assessed Valuation as of August 1, 2023, is \$161,420,709. After issuance of the Bonds, the projected maximum debt service requirement will be \$1,093,889 (2045), and the projected average annual debt service requirement will be \$1,049,225 (2024-2050, inclusive). Assuming no increase or decrease from the 2023 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.91 and \$0.87 per \$100 of appraised valuation at a ninety-five percent (95%) collection rate would be necessary to pay the projected maximum debt service requirement and the projected average annual debt service requirement, respectively. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2023, and no use of funds other than tax collections, a tax rate of \$0.72 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of \$1,093,889 and a tax rate of \$0.69 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of \$1,049,225. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2023 Certified Taxable Assessed Valuation and Estimated Taxable Assessed Valuation as of August 1, 2023, 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 of taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage and Vacant Lots

There are approximately 356 developable acres of land within the District that have not been fully provided with water, sanitary sewer, storm drainage, and detention facilities and roads necessary for the construction of taxable improvements and approximately 138 acres where utility construction and/or paving are complete for 542 lots. BVSoPo currently has 199 completed lots available for home construction. 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."

Operating Funds

The District's only significant sources of revenue to pay its operating expenses are advances from the Developer and maintenance tax proceeds. The District does not receive water and sewer revenues. The District levied a 2023 maintenance and operation tax rate of \$0.585 per \$100 of assessed valuation. The District's Operating Fund balance on October 3, 2023, was \$192,828. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued development, and increased amounts of maintenance tax revenue (2) and, if needed, developer advances. In the event that funds are not made available by the Developer, the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "GENERAL FUND."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining \$93,345,000 principal amount of authorized but unissued unlimited tax bonds for roads and refunding outstanding road bonds and \$230,005,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer, drainage and storm sewer systems and the refunding of such outstanding bonds. The District may also issue additional bonds which may be voted hereafter. After reimbursement from the proceeds of the Bonds, the Developer will have expended approximately \$31,500,000 (as of October 31, 2023) for design, construction and acquisition of water, sanitary sewer, and drainage facilities and roadways not yet reimbursed. See "THE BONDS—Issuance of Additional Debt." The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the TCEQ.

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 Brazos County. Under the Clean Air Act (“CAA”) Amendments of 1990, Brazos County has been designated an attainment/unclassifiable area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, 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”).

Although Brazos County is currently in attainment, Brazos County has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that Brazos County could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could 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 Brazos County to maintain attainment with the ozone standards. Such additional controls could have a negative impact on Brazos County’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) public water supply systems; (2) wastewater discharges from treatment facilities; (3) storm water discharges; and (4) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in Brazos County. 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.

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), with an effective date of March 5, 2018, 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. It 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 January 24, 2019. 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 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal itself became the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contained a new definition of “waters of the United States.” The NWPR became effective June 22, 2020, and is the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE made plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice of Proposed Rulemaking to put back into place the pre-2015 definition of “waters of the United States,” and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. On December 30, 2022, the EPA and USACE finalized the proposed rule, effective as of March 20, 2023, which vacates and remands the NWPR released in 2020 and interprets “waters of the United States” consistent with the pre-2015 regulatory regime. The adoption of the new rule is the subject of litigation, including a suit filed in the United States District Court for the Southern District of Texas. Due to this existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Specific Flood Type Risks

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

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.

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

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from January 1, 2024, which interest is payable on September 1, 2024, and on each March 1 and September 1 thereafter (each, an “Interest Payment Date”), 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 November 5, 2019, the voters of the District authorized the issuance of a total of \$104,060,000 principal amount of unlimited tax bonds for roads and refunding outstanding road bonds. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, \$93,345,000 principal amount of unlimited tax bonds will remain authorized but unissued for roads and refunding outstanding road 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 III, Section 52 of the Texas Constitution; and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended.

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, Brazos County, the City, or any entity other than the District.

Funds

In the Bond Resolution, the Road Debt Service Fund 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 Water, Sewer and Drainage Debt Service that is not pledged to Road Bonds, including the Bonds. Funds in the Water, Sewer and Drainage Debt Service are not available to pay principal of and interest on Road Bonds, including the Bonds.

Accrued interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from the sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing road facilities, to pay for 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 \$93,345,000 principal amount of unlimited tax bonds authorized but unissued for roads and refunding of such outstanding bonds and \$230,005,000 principal amount of unlimited tax bonds authorized but unissued for water, sanitary sewer, drainage and storm sewer systems and refunding of such outstanding 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."

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) approval of a detailed fire plan by the Commission; (b) authorization of a detailed fire plan and fire bonds by the District's voters at an election; (c) approval of bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered preparing such a fire plan or calling such an election at this time.

Because the District is located within Brazos County, current law does not authorize the District to issue bonds for parks and recreational facilities purposes.

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

Annexation by the City; Strategic Partnership Agreement

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any city comprises that city's extraterritorial jurisdiction. The size of extraterritorial jurisdiction depends in part on the city's population. For the City, the extraterritorial jurisdiction consists of all the contiguous unincorporated areas not a part of any other city or any other city's extraterritorial jurisdiction and within three (3) miles of the corporate limits of the City. With certain exceptions, a city may annex territory only within the confines of its extraterritorial jurisdiction. When a city annexes additional territory, the city's extraterritorial jurisdiction expands in conformity with such annexation.

The District lies within the extraterritorial jurisdiction of the City. The City cannot annex territory within the District unless it annexes the entire District. The City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement under section 43.0751, Texas Local Government Code between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

The District and the City entered into a Strategic Partnership Agreement for a term of thirty (30) years beginning May 31, 2016. Pursuant to the Strategic Partnership Agreement which sets forth the terms of full purpose annexation, the City will not annex the property in the District until (i) at least 90% of the developable acreage within the District has

been developed with water, wastewater and drainage and road facilities, and (ii) the Developer has been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement. In the event a commercial area is developed, the city may annex for limited purposes such commercial area, and the City may impose its sales and use tax within the commercial area. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District (see "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF COLLEGE STATION.") The City may decide in its sole discretion to continue the District as a "limited district" for a period of up to ten years. No representation is made as to whether or not the City will annex the District at any time in the future. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

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

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 by order of the TCEQ dated January 14, 2015. The District contains approximately 553 acres of land and is located on the east side of Texas State Highway 6 (the "SH 6") and the north side of Peach Creek Cut Off Road. The District is approximately 8 miles south of downtown College Station. The District abuts the corporate limits of and lies entirely within the extraterritorial jurisdiction of the City of College Station and within the boundaries of the College Station 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. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities.

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 "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF COLLEGE STATION."

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Land Use

<i>Single Family Residential</i>	Approximate	
	Acres	Lots
Southern Pointe Community Section 100.....	49.18	150
Southern Pointe Community Section 101.....	10.44	57
Southern Pointe Community Section 102.....	9.90	56
Southern Pointe Community Section 103/119...	14.85	84
Southern Pointe Community Section 104/120...	11.99	65
Southern Pointe Community Section 200.....	26.07	65
Southern Pointe Community Section 201.....	15.76	65
Subtotal.....	138.19	542
Future Single Family Residential.....	304.15	
Future Commercial and Multi-family.....	51.58	
Recreation/Open Space.....	59.08	
Total.....	553	

Status of Development

Status of Development as of October 31, 2023:

Completed Occupied Homes.....	268
Completed Unoccupied Homes (including 5 model homes).....	32
Homes Under Construction.....	43
Completed Lots Available for Home Construction.....	199
Lots Under Construction Residential.....	124
Lots Under Construction Commercial.....	18
Estimated Population.....	938 (a)

(a) Based on 3.5 persons per occupied single-family residence.

Development in the District began in 2017. With the consent of the District, the Developer has financed the design and construction of underground utility and road facilities to serve approximately 138 acres developed as 542 single-family residential lots.

The District is being developed as a single-family residential development known as Southern Pointe Community. Amenities constructed in the District include walking trails and ponds on approximately 59 acres. Home construction began in January of 2019, and, as of October 31, 2023, the District contained 268 single-family homes completed and occupied, 32 vacant single-family homes (including 5 model homes), 43 single-family homes under construction, and 199 completed lots available for home construction.

The Developer is currently preparing approximately 124 single-family residential lots under construction for home builders. Construction of underground utilities is underway for approximately 52 acres in the District, which will be developed for commercial and multi-family development, but no vertical improvements have been constructed to date. The remainder of the District consists of approximately 304 acres of developable but undeveloped land. See “THE DISTRICT—Land Use” and “—Status of Development.”

Homebuilders

Homebuilding in the District is being conducted by Stylecraft Builders, First Omega Homes, Kaleo Homes, Continental Homes (a subsidiary of D.R. Horton), Ranger Home Builders, and Gehan Homes. New homes in the District range in price from approximately \$300,000 to \$450,000.

Future Development

Approximately 356 developable acres of land in the District are not yet fully served with water, sanitary sewer and drainage and storm sewer facilities or roads necessary for the construction of taxable improvements. While the Developer anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to accomplish full development of the District. See “RISK FACTORS—Possible Impact on District Tax Rates.” The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$93,345,000 for roads and \$230,005,000 principal amount for water, sanitary sewer, drainage and storm sewer facilities) should be sufficient to finance the construction of water, sanitary sewer, drainage and storm sewer facilities and roads for full development of the District. See “THE SYSTEM” and “THE ROAD SYSTEM.”

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Each of the five current Directors owns land and/or resides in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Robert "Hunter" Goodwin	President	May 2024
Charles Moreau	Vice President	May 2026
Lawrence B. Hodges Jr.	Secretary	May 2024
Kyle Davis	Assistant Secretary	May 2024
Brian G. Fisher	Assistant Vice President	May 2026

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 Brazos Central Appraisal District. The District’s Tax Assessor/Collector is engaged 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 Municipal Accounts & Consulting, L.P. to serve as the District’s bookkeeper.

System Operator

The City operates the District’s water and sanitary sewer system pursuant to a utility agreement dated May 31, 2016, and amended on December 2, 2016. See “UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF COLLEGE STATION.”

Engineer

The consulting engineer for the District in connection with the design and construction of the District’s facilities is Costello Inc. (the “Engineer”).

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.

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.

Disclosure Counsel

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.

Auditor

As required by the Texas Water Code, the District retains an independent auditor 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 November 30, 2022, have been audited by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District’s November 30, 2022, audited financial statements.

UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF COLLEGE STATION

The District operates pursuant to a Utility Agreement between the City and the District, dated as of May 31, 2016, and amended on December 2, 2016 (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 storm water facilities to serve development occurring within the boundaries of the District (the “Facilities”); 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. 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 Facilities and to bill and collect such rates and charges from customers of the Facilities. The City may levy a surcharge of up to 50% of the then-current water and wastewater rates to each customer in the District to recover capital costs of providing such services. Other than the surcharges, the City agrees to charge residents of the District equal and uniform water and wastewater rates as those users of similar classifications in non-municipal utility district areas of the City. All revenues from the 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 without capital charges of any kind (other than rate surcharges discussed above). 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.

The City’s right to dissolve the District is restricted under the Utility Agreement (see “THE BONDS—Annexation by the City: Strategic Partnership 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 DEVELOPER AND MAJOR LANDOWNER

Role of a Developer

In general, the activities of a landowner or developer in a 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 developer or third parties. 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.

Prospective purchasers of the Bonds should note that the prior real estate experience of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate. No representation is made as to the relative success of any of the projects mentioned above, and no assurance as to the future performance of the Developer should be inferred. Prospective purchasers are urged to inspect the District in order to acquaint themselves with the nature of the Developer's business activities.

The Developer and the Major Landowner

BV Southern Pointe Development, Inc., a Texas corporation ("BVSoPo" or the "Developer"), was formed for the purpose of developing single-family residential land in the District. BVSoPo is the only active development entity in the District. BVSoPo has developed all existing single-family residential lots in the District and owns approximately 199 lots in Southern Pointe Community. BVSoPo has the option to develop the remaining undeveloped single-family residential land in the District.

Phillips 3 Land Holdings LLC ("Phillips" or the "Major Landowner") was formed for the purpose of owning all land in the District for future development. Phillips currently owns approximately 356 acres in the District.

The Developer and the Major Landowner are related entities through associated ownership.

Development Financing

Phillips is financing the acquisition of the commercial land within the District with an approximately \$2,700,000 loan from First Financial Bank. The loan has a maturity date of September 23, 2025. Phillips is also financing the acquisition of the residential land within the District with an approximately \$2,900,000 loan from First Financial Bank formerly The Bank & Trust. The loan has a maturity date of December 2023. The loans are secured by a first lien on land within the District. The Developer has no outstanding development loans.

THE ROAD SYSTEM

All roadways are designed and constructed in accordance with the City and Brazos County standards, rules, and regulations. Upon acceptance by Brazos County, 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).

THE SYSTEM

Water Supply

Water supply for the District is provided by the City pursuant to the Utility Agreement. Pursuant to the Utility Agreement as amended, the City provides the District with sufficient capacity to serve the ultimate development. The District has constructed an off-site water line to the City's water supply system.

The District has no emergency interconnects.

The District's existing water supply capacity is adequate to serve 500 equivalent single-family connections ("ESFCs").

Wastewater Treatment

Wastewater treatment for the District is provided by the City of College Station (City) pursuant to "Utility Agreement" dated May 31, 2016, amended December 2, 2016. Pursuant to the agreement and amendments, the City's plant capacity of 3.04 million gallons per day (MGD) provides the District with sufficient capacity to serve the ultimate development. The District has also constructed an off-site sewer line to the City's plant.

The District's existing wastewater treatment capacity is adequate to serve 500 ESFCs.

Storm Water Drainage

Storm water drainage for the District is collected by a storm sewer system. The system drains into a detention pond ultimately discharging to Peach Creek. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

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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, \$7,361,847 is estimated for construction costs and land acquisition costs, \$901,102 is estimated for non-construction costs, (including developer interest and capitalized interest) and \$452,051 is estimated for issuance costs and fees.

I. CONSTRUCTION COSTS

A Developer Contribution Items

1	Southern Pointe State Highway 6 Entrance.....	\$	673,033
2	Southern Pointe Section 200.....		1,135,624
3	Southern Pointe Section 101.....		449,580
4	Southern Pointe Section 102.....		611,653
5	Southern Pointe Section 201.....		921,080
6	Southern Pointe Sections 103 & 109.....		400,323
7	Engineering Cost.....		491,377
Total Developer Contribution Items.....			\$ 4,682,670

B District Items

1	Land Acquisition		
	a) Section 200 and State Highway 6 Entrance.....	\$	1,015,529
	b) Section 101.....		284,091
	c) Section 102.....		304,555
	d) Section 201.....		501,520
	e) Section 103 & 119.....		347,552
Total District Items.....			\$ 2,453,247
Total Construction Cost.....			\$ 7,135,917

II. NON-CONSTRUCTION COSTS

•	Capitalized Interest (6 months @ 5.25%).....	\$	228,769
•	Developer Interest.....		639,652
•	Bond Discount (3.00%) (a).....		261,450
Total Non-Construction Costs.....			\$ 1,129,871

III. ISSUANCE COSTS AND FEES

•	Legal Fees.....	\$	214,300
•	Fiscal Agent Fees.....		150,725
•	Attorney General Fee (0.10%).....		8,715
•	Bond Issuance Expense.....		40,472
•	Bond Application Report Cost.....		35,000
Total Issuance Cost and Fees.....			\$ 449,212
TOTAL BOND ISSUE.....			\$ 8,715,000

a) In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for authorized purposes.

Future Debt

The Developer and Major Landowner have financed the cost of creation of the District and the land, engineering and construction costs of underground utilities and roads to serve the District, as well as certain other District improvements. After reimbursement from proceeds of the Bonds, the Developer will have expended approximately \$31,500,000 (as of October 31, 2023) for design, construction and acquisition of water, sanitary sewer, and drainage facilities and roadways not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be

used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission. The District contains approximately 356 acres of developable land not presently served with water distribution, wastewater collection and storm drainage facilities or roads. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District’s authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
11/5/2019	Water, Sanitary Sewer, Drainage and Storm Sewer Systems, & Refunding	\$235,600,000	\$5,595,000	\$230,005,000
11/5/2019	Roads & Refunding Bonds	\$104,060,000	\$10,715,000 (a)	\$93,345,000

(a) Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2023 Certified Taxable Assessed Valuation.....	\$127,401,551 (a)
Estimated Taxable Assessed Valuation as of August 1, 2023.....	\$161,420,709 (b)
District Debt:	
Outstanding Bonds (as of October 31, 2023).....	\$7,425,000
The Bonds.....	<u>8,715,000</u>
Gross Debt Outstanding (after issuance of the Bonds).....	\$16,140,000
Ratio of Gross Debt to 2023 Certified Taxable Assessed Valuation.....	12.67%
Ratio of Gross Debt to Estimated Taxable Assessed Valuation as of August 1, 2023.....	10.00%

Area of District: 553 acres
Estimated 2023 Population: (c)

- (a) As certified by the Brazos Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on August 1, 2023. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2023, and January 1, 2024, will be certified as of January 1, 2024. See “TAX PROCEDURES.”
(c) Based on 3.5 persons per occupied single-family residence.

Cash and Investment Balances (unaudited as of November 3, 2023)

Operating Fund	Cash and Temporary Investments	\$192,828 (a)
Road Escrow Fund	Cash and Temporary Investments	\$45,440 (b)
Road Debt Service Fund	Cash and Temporary Investments	\$152,269 (c) (d)
WS&D Debt Service Fund	Cash and Temporary Investments	\$94,834 (c)
Road Capital Projects Fund	Cash and Temporary Investments	\$0 (e)
WS&D Capital Projects Fund	Cash and Temporary Investments	\$0

- (a) See “Risk Factors – Operating Funds.”
(b) The District maintains funds in the escrow for maintenance of public roads in accordance with its agreement with Brazos County.
(c) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the 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, including the Bonds (the “Road Bonds”), and a portion will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities (the “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 Water, Sewer, and Drainage Debt Service Fund is not pledged to the Road Bonds.
(d) Accrued interest on the Bonds will be deposited to the Road 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.
(e) To be initially funded upon closing of the Bonds.

Outstanding Bonds

Series	Original Principal Amount	Principal Amount Outstanding as of October 31, 2023
2020 (a)	\$ 2,000,000	\$ 1,870,000
2022	1,590,000	1,550,000
2023	4,005,000	4,005,000
		\$ 7,425,000

(a) Unlimited Tax Road Bonds.

Investments of the District

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

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.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Overlapping</u>	
			<u>Percent</u>	<u>Amount</u>
Brazos County.....	\$97,045,000	10/31/2023	0.21%	\$203,795
College Station ISD.....	324,710,000	10/31/2023	0.41%	1,331,311
Total Estimated Overlapping Debt.....				\$1,535,106
The District.....	16,140,000 (a)	Current	100.00%	16,140,000
Total Direct and Estimated Overlapping Debt.....				\$17,675,106
Ratio of Total Direct and Estimated Overlapping Debt to:				
2023 Certified Taxable Assessed Valuation.....				13.87%
Estimated Taxable Assessed Valuation as of August 1, 2023.....				10.95%

(a) Includes the Bonds.

Overlapping Tax Rates for 2023

	<u>2023 Tax Rate per \$100 of Taxable Assessed Valuation</u>
Brazos County.....	\$ 0.409700
College Station ISD.....	<u>0.962200</u>
Total Overlapping Tax Rate.....	\$ 1.371900
The District.....	<u>1.000000</u>
Total Tax Rate.....	\$ 2.371900

TAX DATA

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
 Maintenance and Operations: \$1.00 per \$100 of taxable assessed valuation.
 Maintenance and Operations for Roads: \$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 total debt service tax for 2023 in the amount of \$0.400 per \$100 of taxable assessed valuation. See “Tax Rate Distribution” herein.

Maintenance and Operation 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 in 2015, the Board was authorized to levy such a maintenance and operation tax in an amount not to exceed \$1.00 per \$100 of taxable assessed valuation. In addition, at an election held in 2015, the Board was authorized to levy a maintenance and operations tax for roads in an amount not to exceed \$0.25 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 operation tax for 2023 in the amount of \$0.585 per \$100 of taxable assessed valuation. The District has also levied a road maintenance tax for 2023 in the amount of \$0.015 per \$100 of taxable assessed valuation.

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		Adjusted Tax Levy (b)	Total Collections As of October 31, 2023	
	Taxable Valuation (a)	Tax Rate		Amount	Percent
2019	\$ 8,727,849	\$1.00	\$ 87,278	\$ 87,278	100.00%
2020	20,392,216	1.00	203,922	203,922	100.00%
2021	35,019,506	1.00	350,195	350,195	100.00%
2022	63,776,680	1.00	637,767	636,822	99.85%
2023	127,401,551	1.00	1,274,016	<i>(In Process of Collection) (c)</i>	

- (a) Net valuation represents final gross appraised value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of October 31, 2023.
- (c) In the process of collection. Taxes for 2023 are due January 31, 2024.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Road Debt Service	\$0.045	\$0.275	\$0.290	\$0.430	-
WS&D Debt Service	\$0.355	\$0.095	-	-	-
Maintenance and Operations	\$0.585	\$0.630	\$0.710	\$0.570	\$1.000
Road Maintenance	\$0.015	-	-	-	-
Total	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000

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 Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property it owns 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 waiver is 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.

Principal Taxpayers

The following list of principal taxpayers was provided by the District’s Tax Assessor/Collector based upon the 2023 certified tax rolls, which reflect ownership at January 1, 2023.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2023 Certified Assessed Valuation</u>	<u>% of 2023 Certified Assessed Valuation</u>
Phillips 3 Land Holdings, LLC (a)	Land & Improvements	4,426,790	3.47%
Continental Homes of Texas LP (b)	Land & Improvements	3,078,856	2.42%
BV Southern Pointe Development Inc. (a)	Land	2,380,960	1.87%
BCS Ranger Home Builders LLC (b)	Land & Improvements	2,143,621	1.68%
First Omega Partners LTD (b)	Land & Improvements	1,875,818	1.47%
Brightland Homes LTD (b)	Land	1,841,594	1.45%
Confidential Owner	Land & Improvements	1,345,391	1.06%
Stylecraft Builders Inc. (b)	Land	1,265,304	0.99%
Kaleo Builder Group LP (b)	Land	844,768	0.66%
Individual	Residential	788,535	0.62%
Total for Principal Taxpayers		\$ 19,991,637	15.69%

(a) See “THE DEVELOPER AND MAJOR LANDOWNER —The Developer and Major Landowner.”
(b) See “THE DISTRICT—Homebuilders.”

Summary of Assessed Valuation

The following summary of the 2023 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2023 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. A breakdown of the Estimated Taxable Assessed Valuation as of August 1, 2023, is not available from the Appraisal District.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$39,029,995	\$20,779,758	\$15,672,564	\$13,207,676	\$8,006,216
Improvements	95,586,414	43,915,279	19,587,478	7,024,267	530,490
Personal Property	112,464	92,689	51,668	172,604	191,143
Exempt Property	<u>(7,327,322)</u>	<u>(1,011,046)</u>	<u>(292,204)</u>	<u>(12,331)</u>	<u>0</u>
Total Assessed Valuation	\$127,401,551	\$63,776,680	\$35,019,506	\$20,392,216	\$8,727,849

Tax Adequacy for Debt Service

The calculations showing the tax rates necessary to pay the District’s projected average and projected maximum annual debt service requirements on the Bonds as shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2023 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2023, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See “DEBT SERVICE REQUIREMENTS” and “RISK FACTORS—Impact on District Tax Rates.”

Projected average annual debt service requirement (2024-2050).....	\$1,049,225
\$0.87 tax rate on the 2023 Certified Taxable Assessed Valuation of \$127,401,551 at a 95% collection rate produces.....	\$1,052,974
\$0.69 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2023 of \$161,420,709 at a 95% collection rate produces.....	\$1,058,113
Projected maximum annual debt service requirement (2045).....	\$1,093,889
\$0.91 tax rate on the 2023 Certified Taxable Assessed Valuation of \$127,401,551 at a 95% collection rate produces.....	\$1,101,386
\$0.72 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2023 of \$161,420,709 at a 95% collection rate produces.....	\$1,104,118

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 “USE AND DISTRIBUTION OF BOND PROCEEDS—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 Brazos Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Brazos County, including the District. Such appraisal values are subject to review and change by the Brazos 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, 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

Brazos County or the City of College Station may designate all or part of the area within the District as a reinvestment zone. Thereafter, Brazos County, the District, and the City of College Station (if it were to annex the District), under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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.

Reappraisal of Property after Disaster

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 on the following page.

Special Taxing Units:

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

Developed Districts:

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

Developing Districts:

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

The District:

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. For the 2023 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 2023." 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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GENERAL FUND

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 statements for fiscal years ended November 30, 2019, 2020, 2021 and 2022 and from the District's bookkeeper for eleven-month period ending October 31, 2023. Reference is made to such records and statements for further and more complete information.

	12/1/2022 to 10/31/2023 (a)	Fiscal Year Ended November 30			
		2022	2021	2020	2019
Revenues:					
Property Taxes	\$ -	\$ 248,370	\$ 132,055	\$ 86,325	\$ 67,865
Penalties Interest	-	-	-	90	-
Investment Earnings	-	726	19	75	92
Total Revenues	\$ -	\$ 249,096	\$ 132,074	\$ 86,490	\$ 67,957
Expenditures:					
Operating and Administrative					
Professional Fees	\$ -	\$ 134,992	\$ 191,448	\$ 87,332	\$ 48,014
Contracted Services	-	36,094	14,660	34,059	19,185
Repairs and Maintenance	-	-	5,240	-	-
Utilities	-	-	-	-	664
Administrative	-	8,535	9,943	50,045	9,608
Other	-	12,577	1,117	625	9,656
Total Expenditures	\$ -	\$ 192,198	\$ 222,408	\$ 172,061	\$ 87,127
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ 56,898	\$ (90,334)	\$ (85,571)	\$ (19,170)
Other Financing Sources (Uses)					
Developer Advances	\$ -	\$ 117,000	\$ 30,000	-	-
Internal Transfers	-	152,286	6,430	-	-
Beginning Fund Balance	\$ 9,603	\$ (316,581)	\$ (262,677)	\$ (177,106)	\$ (157,936)
Ending Fund Balance	\$ 9,603	\$ 9,603	\$ (316,581)	\$ (262,677)	\$ (177,106)

(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 estimated debt service requirements for the Bonds at an assumed interest rate of 5.25% per annum.

Calendar Year	Outstanding	Debt Service on the Bonds			Total
	Debt Service	Principal	Interest	Total	Debt Service
2024	\$ 435,260	\$ -	\$ 305,025	\$ 305,025	\$ 740,285
2025	438,648	165,000	457,538	622,538	1,061,185
2026	436,779	175,000	448,875	623,875	1,060,654
2027	439,579	180,000	439,688	619,688	1,059,266
2028	441,893	190,000	430,238	620,238	1,062,130
2029	438,720	200,000	420,263	620,263	1,058,983
2030	447,536	210,000	409,763	619,763	1,067,299
2031	445,802	225,000	398,738	623,738	1,069,540
2032	453,734	235,000	386,925	621,925	1,075,659
2033	451,006	250,000	374,588	624,588	1,075,594
2034	458,007	260,000	361,463	621,463	1,079,470
2035	454,310	275,000	347,813	622,813	1,077,122
2036	445,406	290,000	333,375	623,375	1,068,781
2037	446,319	305,000	318,150	623,150	1,069,469
2038	451,819	320,000	302,138	622,138	1,073,956
2039	446,825	335,000	285,338	620,338	1,067,163
2040	456,438	355,000	267,750	622,750	1,079,188
2041	450,138	375,000	249,113	624,113	1,074,250
2042	458,625	390,000	229,425	619,425	1,078,050
2043	461,313	415,000	208,950	623,950	1,085,263
2044	468,425	435,000	187,163	622,163	1,090,588
2045	469,564	460,000	164,325	624,325	1,093,889
2046	470,110	480,000	140,175	620,175	1,090,285
2047	370,069	505,000	114,975	619,975	990,044
2048	372,435	535,000	88,463	623,463	995,898
2049	368,868	560,000	60,375	620,375	989,243
2050	374,850	590,000	30,975	620,975	995,825
Total	\$ 11,852,475	\$ 8,715,000	\$ 7,761,600	\$ 16,476,600	\$ 28,329,075
Projected Average Annual Debt Service Requirements (2024-2050).....					\$1,049,225
Projected Maximum Annual Debt Service Requirements (2045).....					\$1,093,889

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 DISTRICT AND THE CITY OF COLLEGE STATION," "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.

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 “_____” 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 also 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 Developer, 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” – Brazos County MUD 1., BV Southern Pointe Development, Inc. (The “Developer”), Costello Inc. (“Engineer”), and Records of the District (“Records”); “THE DEVELOPER AND MAJOR LANDOWNER” – Developer; “THE ROAD SYSTEM,” and “THE SYSTEM”– Engineer; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” - Records; “FINANCIAL STATEMENT (UNAUDITED)” - Brazos 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 “THE SYSTEM” have been provided by Costello Inc. 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 Brazos 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 Brazos 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 November 30, 2022, have been audited by McGrath & Co., PLLC. See “APPENDIX A” for a copy of the District’s November 30, 2022, audited financial statements.

Bookkeeper: The information related to the “unaudited” summary of the District’s General Fund as it appears in “GENERAL FUND” has been provided by Municipal Accounts & Consulting, L.P., 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 2023. 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 November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under 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 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 2020, the District has complied in all material respects with its previous continuing disclosure agreements made by the District.

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 Brazos County Municipal Utility District No. 1, as of the date shown on the cover page.

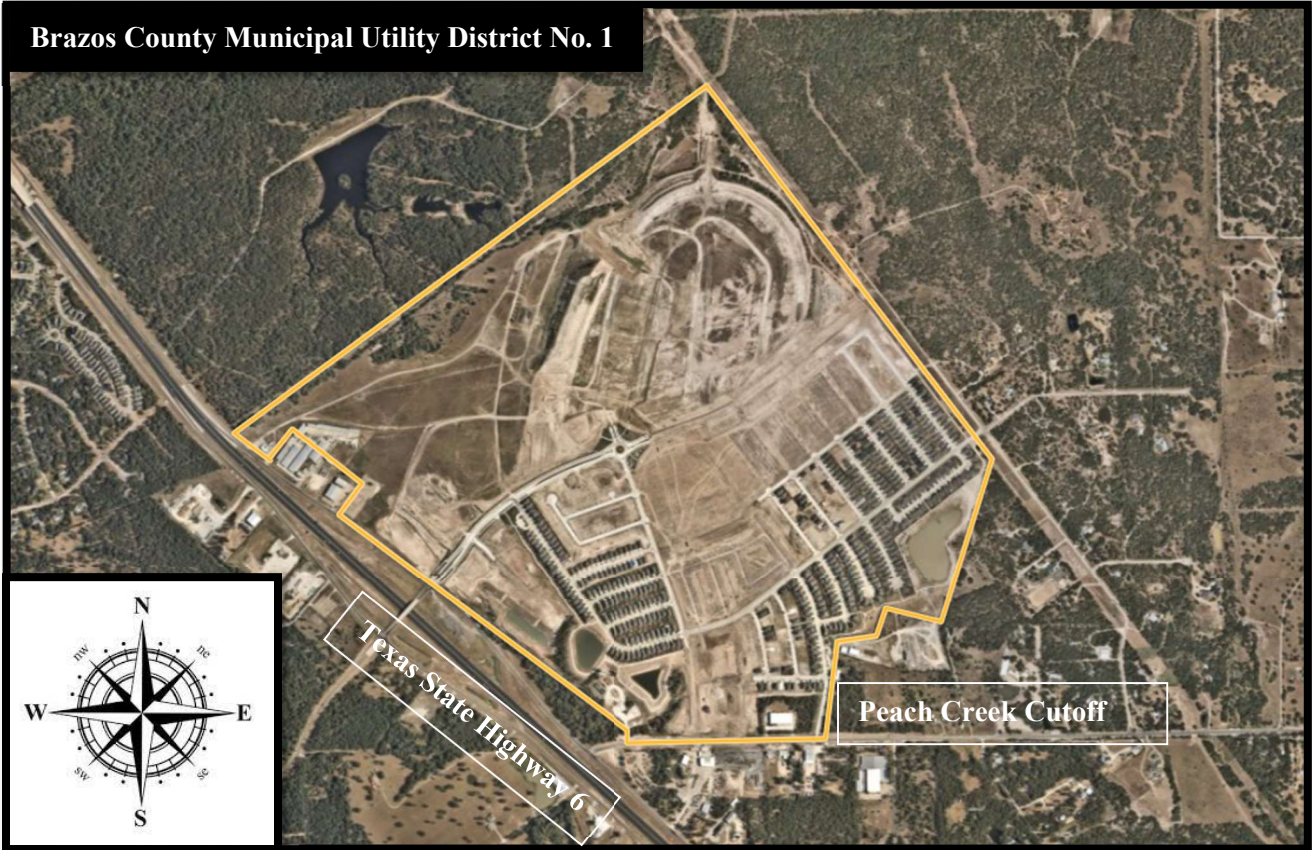
/s/ _____
President, Board of Directors
Brazos County Municipal Utility District No. 1

ATTEST:

/s/ _____
Secretary, Board of Directors
Brazos County Municipal Utility District No. 1

AERIAL PHOTOGRAPH

(Approximate boundaries of the District as of November 2023)



PHOTOGRAPHS (will update)

The following photographs were taken in the District in November 2023, 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.











APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended November 30, 2022

**BRAZOS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1**

BRAZOS COUNTY, TEXAS

FINANCIAL REPORT

November 30, 2022

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Brazos County Municipal Utility District No. 1
Brazos County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazos County Municipal Utility District No. 1 (the "District"), as of and for the year ended November 30, 2022, 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 Brazos County Municipal Utility District No. 1, as of November 30, 2022, 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

Board of Directors
Brazos County Municipal Utility District No. 1
Brazos County, Texas

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.



Houston, Texas
April 6, 2023

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Management's Discussion and Analysis

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***Brazos County Municipal Utility District No. 1
Management's Discussion and Analysis
November 30, 2022***

Using this Annual Report

Within this section of the financial report of Brazos County Municipal Utility 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 November 30, 2022. 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).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

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.

***Brazos County Municipal Utility District No. 1
Management's Discussion and Analysis
November 30, 2022***

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 November 30, 2022, was negative \$17,203,773. The District's net position is negative because the District incurs debt to construct water and sewer facilities which it conveys to the City of College Station and roads which it conveys to Brazos County. A comparative summary of the District's overall financial position, as of November 30, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	\$ 866,663	\$ 526,025
Capital assets	8,451,046	6,304,720
Total assets	<u>9,317,709</u>	<u>6,830,745</u>
Current liabilities	267,159	511,774
Long-term liabilities	25,611,152	13,264,206
Total liabilities	<u>25,878,311</u>	<u>13,775,980</u>
Total deferred inflows of resources	<u>643,171</u>	<u>352,679</u>
Net position		
Net investment in capital assets	(610,043)	(358,142)
Restricted	56,285	63,003
Unrestricted	(16,650,015)	(7,002,775)
Total net position	<u>\$ (17,203,773)</u>	<u>\$ (7,297,914)</u>

***Brazos County Municipal Utility District No. 1
Management's Discussion and Analysis
November 30, 2022***

The total net position of the District decreased during the current fiscal year by \$9,905,859. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Property taxes, penalties and interest	\$ 350,799	\$ 206,183
Other	3,207	101
Total revenues	<u>354,006</u>	<u>206,284</u>
Expenses		
Operating and administrative	302,996	238,815
Debt interest and fees	88,362	54,830
Developer interest	112,359	
Debt issuance costs	145,195	
Depreciation	96,825	49,782
Total expenses	<u>745,737</u>	<u>343,427</u>
Change in net position before other item	(391,731)	(137,143)
Other item		
Transfers to other governments	<u>(9,514,128)</u>	<u>(850,931)</u>
Change in net position	(9,905,859)	(988,074)
Net position, beginning of year	<u>(7,297,914)</u>	<u>(6,309,840)</u>
Net position, end of year	<u><u>\$ (17,203,773)</u></u>	<u><u>\$ (7,297,914)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of November 30, 2022, were \$65,279, which consists of \$9,603 in the General Fund, \$80,231 in the Debt Service Fund and negative \$24,555 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of November 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 548,902</u>	<u>\$ 346,868</u>
Total liabilities	\$ 134,101	\$ 413,047
Total deferred inflows	405,198	250,402
Total fund balance	9,603	(316,581)
Total liabilities, deferred inflows and fund balance	<u>\$ 548,902</u>	<u>\$ 346,868</u>

***Brazos County Municipal Utility District No. 1
Management's Discussion and Analysis
November 30, 2022***

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 249,096	\$ 132,074
Total expenditures	<u>(192,198)</u>	<u>(222,408)</u>
Revenues over/(under) expenditures	56,898	(90,334)
Other changes in fund balance	<u>269,286</u>	<u>36,430</u>
Net change in fund balance	<u>\$ 326,184</u>	<u>\$ (53,904)</u>

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 and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2021 levy was recognized as revenues in the 2022 fiscal year, while the 2020 levy was recognized in the 2021 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Developers in the District advance funds to the District as needed to pay operating costs.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of November 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 318,204</u>	<u>\$ 179,157</u>
Total liabilities	\$ -	\$ 296
Total deferred inflows	237,973	102,277
Total fund balance	<u>80,231</u>	<u>76,584</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 318,204</u>	<u>\$ 179,157</u>

***Brazos County Municipal Utility District No. 1
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November 30, 2022***

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 104,711	\$ 75,158
Total expenditures	<u>(143,257)</u>	<u>(107,819)</u>
Revenues under expenditures	(38,546)	(32,661)
Other changes in fund balance	42,193	
Net change in fund balance	<u>\$ 3,647</u>	<u>\$ (32,661)</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. During the current year, financial resources also included capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in a decrease 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 November 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 6,737</u>	<u>\$ -</u>
Total liabilities	\$ 31,292	\$ 39,850
Total fund balance	<u>(24,555)</u>	<u>(39,850)</u>
Total liabilities and fund balance	<u>\$ 6,737</u>	<u>\$ -</u>

The negative fund balance in the District's Capital Projects Fund is due to the accrual of construction related legal fees incurred in the current fiscal year. These invoices will be paid from future bond proceeds.

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 199	\$ 2
Total expenditures	<u>(1,319,275)</u>	<u>(2)</u>
Revenues over/(under) expenditures	(1,319,076)	-
Other changes in fund balance	1,334,371	(6,430)
Net change in fund balance	<u>\$ 15,295</u>	<u>\$ (6,430)</u>

**Brazos County Municipal Utility District No. 1
 Management’s Discussion and Analysis
 November 30, 2022**

During the current fiscal year, capital asset activity was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Bonds. The District did not have any significant capital asset activity 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 did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$309,684 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 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 November 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Capital assets not being depreciated		
Land and improvements	\$ 4,260,836	\$ 4,239,068
Capital assets being depreciated		
Drainage facilities	4,410,822	2,189,439
Landscaping improvements	<u>22,560</u>	<u>22,560</u>
	<u>4,433,382</u>	<u>2,211,999</u>
Less accumulated depreciation		
Drainage facilities	(239,788)	(144,091)
Landscaping improvements	<u>(3,384)</u>	<u>(2,256)</u>
	<u>(243,172)</u>	<u>(146,347)</u>
Depreciable capital assets, net	<u>4,190,210</u>	<u>2,065,652</u>
Capital assets, net	<u>\$ 8,451,046</u>	<u>\$ 6,304,720</u>

Capital asset additions during the current year include drainage to serve Southern Pointe, Sections 101, 102, 103, 104, 119, 120, 200 and 201, and detention pond C.

The District and the City of College Station (the “City”) have entered into an agreement which obligates the District to construct water and wastewater facilities to serve the District and, when completed, to convey title to the facilities to the City. Additional information is presented in Note 10.

Brazos County Municipal Utility District No. 1
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Additionally, the District and Brazos County (the “County”) have entered into an agreement for the construction of road facilities within the boundaries of the District and, when completed, to convey title to the facilities to the County for acceptance into the County system. Additional information is presented in Note 11.

Accordingly, these public water, sewer, and road facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended November 30, 2022, capital assets in the amount of \$9,514,128 have been completed and recorded as to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of November 30, 2022, the District owes approximately \$22,191,152 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. As discussed in Note 6, the District has an additional commitment in the amount of \$12,366,945 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At November 30, 2022 and 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2020 Road	\$ 1,915,000	\$ 1,960,000
2022	1,590,000	
	<u>\$ 3,505,000</u>	<u>\$ 1,960,000</u>

During the current year, the District issued \$1,590,000 in unlimited tax bonds. At November 30, 2022, the District had \$234,010,000 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; and \$102,060,000 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.

Brazos County Municipal Utility District No. 1
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A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2022 Actual</u>	<u>2023 Budget</u>
Total revenues	\$ 249,096	\$ 397,226
Total expenditures	<u>(192,198)</u>	<u>(266,100)</u>
Revenues over expenditures	56,898	131,126
Other changes in fund balance	<u>269,286</u>	<u> </u>
Net change in fund balance	326,184	131,126
Beginning fund balance	<u>(316,581)</u>	<u>9,603</u>
Ending fund balance	<u><u>\$ 9,603</u></u>	<u><u>\$ 140,729</u></u>

Property Taxes

The District's property tax base increased approximately \$29,298,000 for the 2022 tax year from \$35,019,506 to \$64,317,078. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of \$0.63 per \$100 of assessed value, a water, sewer and drainage debt service tax rate of \$0.095 and a road debt service tax rate of \$0.275 per \$100 of assessed value, for a total combined tax rate of \$1.00 per \$100 of assessed value. Tax rates for the 2021 tax year were \$0.71 per \$100 for maintenance and operations and \$0.29 per \$100 for road debt service for a combined total of \$1.00 per \$100 of assessed value..

Basic Financial Statements

Brazos County Municipal Utility District No. 1
Statement of Net Position and Governmental Funds Balance Sheet
November 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 28,770	\$ 72,670	\$ -	\$ 101,440	\$ -	\$ 101,440
Investments	46,355	124,268	6,737	177,360		177,360
Taxes receivable, net	360,765	211,878		572,643		572,643
Internal balances	97,818	(90,638)	(7,180)			
Other receivables		26		26		26
Restricted assets:						
Road maintenance fund	15,194			15,194		15,194
Capital assets not being depreciated					4,260,836	4,260,836
Capital assets, net					4,190,210	4,190,210
Total Assets	\$ 548,902	\$ 318,204	\$ (443)	\$ 866,663	8,451,046	9,317,709
Liabilities						
Accounts payable	\$ 15,600	\$ -	\$ -	\$ 15,600		15,600
Other payables	361			361		361
Accrued legal expenses	104,220		24,112	128,332		128,332
Road maintenance fund advance	13,920			13,920		13,920
Accrued interest payable					23,946	23,946
Due to developers					22,191,152	22,191,152
Long-term debt						
Due within one year					85,000	85,000
Due after one year					3,420,000	3,420,000
Total Liabilities	134,101		24,112	158,213	25,720,098	25,878,311
Deferred Inflows of Resources						
Deferred property taxes	405,198	237,973		643,171		643,171
Fund Balances/Net Position						
Fund Balances						
Restricted		80,231		80,231	(80,231)	
Unassigned	9,603		(24,555)	(14,952)	14,952	
Total Fund Balances	9,603	80,231	(24,555)	65,279	(65,279)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 548,902	\$ 318,204	\$ (443)	\$ 866,663		
Net Position						
Net investment in capital assets					(610,043)	(610,043)
Restricted for debt service					56,285	56,285
Unrestricted					(16,650,015)	(16,650,015)
Total Net Position					\$ (17,203,773)	\$ (17,203,773)

See notes to basic financial statements.

Brazos County Municipal Utility District No. 1
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended November 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 248,370	\$ 101,557	\$ -	\$ 349,927	\$ -	\$ 349,927
Penalties and interest		872		872		872
Miscellaneous		327		327		327
Investment earnings	726	1,955	199	2,880		2,880
Total Revenues	249,096	104,711	199	354,006		354,006
Expenditures/Expenses						
Operating and administrative						
Professional fees	134,992		90,538	225,530		225,530
Contracted services	36,094	11,632		47,726		47,726
Administrative	8,535	1,915		10,450		10,450
Other	12,577	6,713		19,290		19,290
Capital outlay			971,183	971,183	(971,183)	
Debt service						
Principal		45,000		45,000	(45,000)	
Interest and fees		77,997		77,997	10,365	88,362
Developer interest			112,359	112,359		112,359
Debt issuance costs			145,195	145,195		145,195
Depreciation					96,825	96,825
Total Expenditures/Expenses	192,198	143,257	1,319,275	1,654,730	(908,993)	745,737
Revenues Over/(Under)						
Expenditures/Expenses	56,898	(38,546)	(1,319,076)	(1,300,724)	908,993	(391,731)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		42,193	1,547,807	1,590,000	(1,590,000)	
Developer advances	117,000			117,000	(117,000)	
Repayment of developer advances			(61,150)	(61,150)	61,150	
Internal transfers	152,286		(152,286)			
Other Item						
Transfers to other governments					(9,514,128)	(9,514,128)
Net Change in Fund Balances	326,184	3,647	15,295	345,126	(345,126)	
Change in Net Position					(9,905,859)	(9,905,859)
Fund Balances/Net Position						
Beginning of the year	(316,581)	76,584	(39,850)	(279,847)	(7,018,067)	(7,297,914)
End of the year	\$ 9,603	\$ 80,231	\$ (24,555)	\$ 65,279	\$ (17,269,052)	\$ (17,203,773)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Brazos County Municipal Utility 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 pursuant to an order of the Texas Commission on Environmental Quality, dated January 14, 2015, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 29, 2015 and the first bonds were issued on September 24, 2020.

The District’s primary activities include construction of water, sewer, drainage, and road facilities within the District. As further discussed in Note 10 and 11, the District transfers its water and sewer facilities to the City of College Station for operation and maintenance upon completion of construction and road facilities to Brazos County for acceptance into the public road system. The consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. 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 state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

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*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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 sources of revenue are 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 and 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 and drainage facilities and road improvements.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

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. 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

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.

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 November 30, 2022, an allowance of \$1,900 was provided for possible uncollectible property taxes.

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.

Depreciable capital assets, which primarily consists of drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	20 years

The District’s detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Note 1 – Summary of Significant Accounting Policies (continued)

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 2022 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 2022 property tax levy, which was levied to finance the 2023 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.

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 District does not have any nonspendable fund balances.

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 property taxes levied for debt service in the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 and deficit balances in other funds.

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 developer; the value of capital assets transferred to the City of College Station and Brazos County and the value of capital assets for which the developer has 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.

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balances, governmental funds	\$	65,279
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 8,694,218	
Less accumulated depreciation	<u>(243,172)</u>	
Change due to capital assets		8,451,046

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	(3,505,000)	
Interest payable on bonds	<u>(23,946)</u>	
Change due to long-term debt		(3,528,946)

Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position*.

(22,191,152)

Total net position - governmental activities

\$ (17,203,773)

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - total governmental funds \$ 345,126

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 is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 971,183	
Depreciation expense	(96,825)	
		874,358

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	(1,590,000)	
Principal payments	45,000	
Interest expense accrual	(10,365)	
		(1,555,365)

Amounts received from the District's developers for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position*. (117,000)

Amounts repaid to the District's developer for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position*. 61,150

The District conveys its water and sewer facilities to the City of College Station and public roads to Brazos County 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. (9,514,128)

Change in net position of governmental activities \$ (9,905,859)

Note 3 – 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.

Restricted Cash

As discussed in Note 11, the District has entered into an interlocal and funding agreement for the maintenance of roads and a related escrow agreement with Brazos County and its developer Southern Pointe LLC. Pursuant to the agreements, the District has \$15,194 in the General Fund, which is restricted for the maintenance of public roads.

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.

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 3 – Deposits and Investments (continued)

As of November 30, 2022, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General Fund	\$ 46,355	AAAm	20 days
	Debt Service	124,268		
	Capital Projects	6,737		
		<u>\$ 177,360</u>		

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 4 – Interfund Balances and Transactions

Amounts due to/from other funds at November 30, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 90,638	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	7,180	Professional fees related to the issuance of debt

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 4 – Interfund Balances and Transactions (continued)

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

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	\$ 152,286	Reimburse legal fees accrued in previous fiscal years

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended November 30, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 4,239,068	\$ 21,768	\$ 4,260,836
Capital assets being depreciated			
Drainage facilities	2,189,439	2,221,383	4,410,822
Landscaping improvements	22,560		22,560
	<u>2,211,999</u>	<u>2,221,383</u>	<u>4,433,382</u>
Less accumulated depreciation			
Drainage facilities	(144,091)	(95,697)	(239,788)
Landscaping improvements	(2,256)	(1,128)	(3,384)
	<u>(146,347)</u>	<u>(96,825)</u>	<u>(243,172)</u>
Subtotal depreciable capital assets, net	<u>2,065,652</u>	<u>2,124,558</u>	<u>4,190,210</u>
Capital assets, net	<u>\$ 6,304,720</u>	<u>\$ 2,146,326</u>	<u>\$ 8,451,046</u>

Depreciation expense for the current year was \$96,825.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, and drainage 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 developer is reimbursed.

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 6 – Due to Developers (continued)

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

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

Due to developers, beginning of year	\$ 11,349,206
Developer reimbursements	(971,183)
Repayment of developer advances	(61,150)
Developer funded construction and adjustments	11,757,279
Operating advances from developers	117,000
Due to developers, end of year	<u>\$ 22,191,152</u>

In addition, the District will owe the developers approximately \$12,366,945, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Completed
Clearing, grubbing and mass grading no. 2	\$ 3,537,140	21.40%
Clearing, grubbing and mass grading no. 3 Southern Pointe	1,724,110	44.20%
Section 106 - utilities and paving	1,043,455	0.00%
Section 111 - utilities and paving	3,198,330	40.30%
Section 400 - utilities and paving	1,383,330	44.70%
Section 401 - water and sewer	204,475	93.70%
Detention Pond E	1,276,105	56.70%
	<u>\$ 12,366,945</u>	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 3,505,000</u>
Due within one year	<u>\$ 85,000</u>

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 7 – Long-Term Debt (continued)

The District’s bonds payable at November 30, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2020 Road	\$ 1,915,000	\$ 2,000,000	1.50% - 3.15%	September 1, 2021/2050	March 1, September 1	September 1, 2026
2022	1,590,000	1,590,000	2.0% - 3.0%	September 1, 2023/2046	March 1, September 1	September 1, 2027
	<u>\$ 3,505,000</u>					

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 November 30, 2022, the District had authorized but unissued bonds in the amount of \$234,010,000 for water, sewer and drainage facilities and the refunding of such bonds; and \$102,060,000 for road bonds and the refunding of such bonds.

On February 9, 2022, the District issued its \$1,590,000 Series 2022 Unlimited Tax Bonds at a net effective interest rate of 2.989783%. Proceeds of the bonds were used (1) to reimburse developers for the cost of capital assets constructed within the District and the related engineering; the acquisition of land for certain District facilities; operating advances; and creation costs, (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	\$ 1,960,000
Bonds issued	1,590,000
Bonds retired	(45,000)
Bonds payable, end of year	<u>\$ 3,505,000</u>

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 7 – Long-Term Debt (continued)

As of November 30, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ 85,000	\$ 95,785	\$ 180,785
2024	85,000	94,198	179,198
2025	95,000	92,554	187,554
2026	95,000	90,654	185,654
2027	100,000	88,754	188,754
2028	105,000	86,699	191,699
2029	105,000	84,489	189,489
2030	115,000	82,224	197,224
2031	115,000	79,615	194,615
2032	125,000	76,878	201,878
2033	125,000	73,688	198,688
2034	135,000	70,433	205,433
2035	135,000	66,685	201,685
2036	130,000	62,938	192,938
2037	130,000	59,213	189,213
2038	140,000	55,488	195,488
2039	140,000	51,475	191,475
2040	150,000	47,275	197,275
2041	150,000	42,775	192,775
2042	160,000	38,275	198,275
2043	165,000	33,400	198,400
2044	175,000	28,375	203,375
2045	180,000	23,045	203,045
2046	185,000	17,560	202,560
2047	90,000	11,925	101,925
2048	95,000	9,135	104,135
2049	95,000	6,143	101,143
2050	100,000	3,150	103,150
	<u>\$ 3,505,000</u>	<u>\$ 1,572,828</u>	<u>\$ 5,077,828</u>

Note 8 – Property Taxes

On November 3, 2015, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. In addition, the voters authorized the District’s Board of Directors to levy 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.

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Brazos 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 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$1.00 per \$100 of assessed value, of which \$0.71 was allocated to maintenance and operations and \$0.29 was allocated to road debt service. The resulting tax levy was \$350,195 on the adjusted taxable value of \$35,019,506.

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, 2022 levy collections in the amount of \$70,528 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 2022 tax levy of \$643,171 is reported as deferred inflows. These amounts will be recognized as revenue in 2023.

Net property taxes receivable, at November 30, 2022, consisted of the following:

Current year taxes receivable	\$ 572,643
Prior years taxes receivable	1,900
Less allowance for uncollectible accounts	(1,900)
Net property taxes receivable	<u>\$ 572,643</u>

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City of College Station (the “City”), the District transfers its water and sewer facilities to the City for operation and maintenance upon completion of construction. See Note 10 for additional information.

Additionally, the District and Brazos County (the “County”) have entered into an agreement for the construction of road facilities within the boundaries of the District and, when completed, to convey title to the facilities to the County for acceptance into the County public road system. See Note 11 for additional information.

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 November 30, 2022, the District reported transfers to other governments in the amount of \$9,514,128 for projects completed and transferred.

Note 10 – Agreements with the City of College Station

Utility Agreement

On May 31, 2016, subsequently amended December 2, 2016, the District entered into a Utility Agreement the “Agreement”) with the City of College Station (the “City”) for construction and extension of water distribution lines and sanitary sewer collection systems to serve 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 for 30 years.

Water and sewer rates charged by the City (before surcharges below are added) to users in the District, shall be the same rates charged to similar classifications of users in non-municipal utility district areas and within the City. All revenue derived from these charges belongs to the City. In lieu of impact fees, the City may levy a surcharge of up to fifty percent on then-current water rates for each customer in the District to recover the capital costs of providing such services.

The agreement further states that the City will participate on construction costs of certain off-site infrastructure that is required to provide service for the District.

Strategic Partnership Agreement

On May 31, 2016, the District entered into a Strategic Partnership Agreement (the “SPA Agreement”) with the City of College Station (the “City”). The SPA Agreement provides for a limited purpose annexation of certain areas of the District that have been developed for retail and commercial purposes. The City agrees not to annex the District for full purposes during the 30-year term of the SPA Agreement. The District will continue to provide drainage services to all properties within its boundaries until full annexation.

Note 11 – Interlocal and Funding Agreement for the Maintenance of Roads

On December 27, 2016, the District entered into an Interlocal and Funding Agreement for the Maintenance of Roads (the “Agreement”) with Brazos County and its developer Southern Pointe LLC (“the “Developer”). The District and/or the Developer shall construct or improve new or existing roads to serve the District to standards required by the City. Subject to such standards, the County agrees to accept the roads into the County system.

The District has agreed to be responsible for all costs of maintenance of the roads and to pay for maintenance costs by keeping a maintenance bond or surety in place until either the District is annexed into the City or the District maintain a separate account with a sufficient balance for road maintenance, whichever is earlier. As of November 30, 2022, the District has \$15,194 held in escrow for the maintenance of roads, which is reported as restricted cash.

Brazos County Municipal Utility District No. 1
Notes to Financial Statements
November 30, 2022

Note 12 – 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.

Note 13 – Subsequent Event

On March 9, 2023, the District issued its \$4,005,000 Series 2023 Unlimited Tax Bonds at a net effective rate of 4.549518%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District, operating advances and land acquisitions.

Required Supplementary Information

*Brazos County Municipal Utility District No. 1
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended November 30, 2022*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 245,500	\$ 248,370	\$ 2,870
Investment earnings		726	726
Total Revenues	<u>245,500</u>	<u>249,096</u>	<u>3,596</u>
Expenditures			
Operating and administrative			
Professional fees	143,000	134,992	8,008
Contracted services	36,500	36,094	406
Repairs and maintenance	25,000		25,000
Administrative	23,000	8,535	14,465
Other	1,500	12,577	(11,077)
Total Expenditures	<u>229,000</u>	<u>192,198</u>	<u>36,802</u>
Revenues Over Expenditures	16,500	56,898	40,398
Other Financing Sources			
Developer advances		117,000	117,000
Internal transfers		152,286	152,286
Net Change in Fund Balance	16,500	326,184	309,684
Fund Balance			
Beginning of the year	(316,581)	(316,581)	
End of the year	<u>\$ (300,081)</u>	<u>\$ 9,603</u>	<u>\$ 309,684</u>

*Brazos County Municipal Utility District No. 1
Notes to Required Supplementary Information
November 30, 2022*

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Brazos County Municipal Utility District No. 1
TSI-1. Services and Rates
November 30, 2022

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

- Retail Water Wholesale Water Solid Waste/Garbage Drainage
 Retail Wastewater Wholesale Wastewater Flood Control Irrigation
 Parks/Recreation Fire Protection Roads Security
 Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
 Other (Specify): Water and sewer services provided by the City of College Station

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 less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 1.0	_____
1.5"	_____	_____	x 2.5	_____
2"	_____	_____	x 5.0	_____
3"	_____	_____	x 8.0	_____
4"	_____	_____	x 15.0	_____
6"	_____	_____	x 25.0	_____
8"	_____	_____	x 50.0	_____
10"	_____	_____	x 80.0	_____
	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditors' report.

Brazos County Municipal Utility District No. 1
TSI-2. General Fund Expenditures
For the Year Ended November 30, 2022

Professional fees	
Legal	\$ 95,327
Audit	16,675
Engineering	22,990
	<u>134,992</u>
Contracted services	
Bookkeeping	11,594
Tax collection fees	4,500
Valuation services	20,000
	<u>36,094</u>
Administrative	
Directors fees	6,518
Printing and office supplies	1,579
Other	438
	<u>8,535</u>
Other	<u>12,577</u>
Total expenditures	<u><u>\$ 192,198</u></u>

See accompanying auditors' report.

Brazos County Municipal Utility District No. 1
TSI-3. Investments
November 30, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	46,355
Debt Service			
TexPool	Variable	N/A	124,268
Capital Projects			
TexPool	Variable	N/A	<u>6,737</u>
Total - All Funds			<u><u>\$ 177,360</u></u>

See accompanying auditors' report.

Brazos County Municipal Utility District No. 1
TSI-4. Taxes Levied and Receivable
November 30, 2022

	Maintenance Taxes	WSD Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 185,632	\$ -	\$ 75,822	\$ 261,454
Adjustments to Prior Year Tax Levy	(1,763)		(720)	(2,483)
Adjusted Receivable	183,869	-	75,102	258,971
2022 Original Tax Levy	402,229	60,654	175,576	638,459
Adjustments	2,969	447	1,296	4,712
Adjusted Tax Levy	405,198	61,101	176,872	643,171
Total to be accounted for	589,067	61,101	251,974	902,142
Tax collections:				
Current year	44,433	6,700	19,395	70,528
Prior years	183,869		75,102	258,971
Total Collections	228,302	6,700	94,497	329,499
Taxes Receivable, End of Year	\$ 360,765	\$ 54,401	\$ 157,477	\$ 572,643
Taxes Receivable, By Years				
2022	\$ 360,765	\$ 54,401	\$ 157,477	\$ 572,643
	2022	2021	2020	2019
Property Valuations:				
Land	\$ 20,878,893	\$ 15,672,564	\$ 13,207,676	\$ 8,006,216
Improvements	43,993,737	19,587,478	7,024,267	530,490
Personal Property	92,689	51,668	172,604	191,143
Exemptions	(648,241)	(292,204)	(12,331)	
Total Property Valuations	\$ 64,317,078	\$ 35,019,506	\$ 20,392,216	\$ 8,727,849
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.630	\$ 0.71	\$ 0.57	\$ 1.00
WSD debt service tax rates	0.095			
Road debt service tax rates	0.275	0.29	0.43	
Total Tax Rates per \$100 Valuation	\$ 1.000	\$ 1.00	\$ 1.00	\$ 1.00
Adjusted Tax Levy:	\$ 643,171	\$ 350,195	\$ 203,922	\$ 87,278
Percentage of Taxes Collected to Taxes Levied **	10.97%	100.00%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on November 3, 2015

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 3, 2015

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

See accompanying auditors' report.

***Brazos County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
November 30, 2022***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 45,000	\$ 53,591	\$ 98,591
2024	45,000	52,804	97,804
2025	50,000	51,960	101,960
2026	50,000	50,960	100,960
2027	55,000	49,960	104,960
2028	55,000	48,805	103,805
2029	55,000	47,595	102,595
2030	60,000	46,330	106,330
2031	60,000	44,890	104,890
2032	65,000	43,390	108,390
2033	65,000	41,700	106,700
2034	70,000	39,945	109,945
2035	70,000	37,985	107,985
2036	60,000	36,025	96,025
2037	60,000	34,225	94,225
2038	65,000	32,425	97,425
2039	65,000	30,475	95,475
2040	70,000	28,525	98,525
2041	70,000	26,425	96,425
2042	75,000	24,325	99,325
2043	75,000	22,000	97,000
2044	80,000	19,675	99,675
2045	85,000	17,195	102,195
2046	85,000	14,560	99,560
2047	90,000	11,925	101,925
2048	95,000	9,135	104,135
2049	95,000	6,143	101,143
2050	100,000	3,150	103,150
	<u>\$ 1,915,000</u>	<u>\$ 926,123</u>	<u>\$ 2,841,123</u>

See accompanying auditors' report.

*Brazos County Municipal Utility District No. 1
 TSI-5. Long-Term Debt Service Requirements
 Series 2022--by Years
 November 30, 2022*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 40,000	\$ 42,194	\$ 82,194
2024	40,000	41,394	81,394
2025	45,000	40,594	85,594
2026	45,000	39,694	84,694
2027	45,000	38,794	83,794
2028	50,000	37,894	87,894
2029	50,000	36,894	86,894
2030	55,000	35,894	90,894
2031	55,000	34,725	89,725
2032	60,000	33,488	93,488
2033	60,000	31,988	91,988
2034	65,000	30,488	95,488
2035	65,000	28,700	93,700
2036	70,000	26,913	96,913
2037	70,000	24,988	94,988
2038	75,000	23,063	98,063
2039	75,000	21,000	96,000
2040	80,000	18,750	98,750
2041	80,000	16,350	96,350
2042	85,000	13,950	98,950
2043	90,000	11,400	101,400
2044	95,000	8,700	103,700
2045	95,000	5,850	100,850
2046	100,000	3,000	103,000
	<u>\$ 1,590,000</u>	<u>\$ 646,705</u>	<u>\$ 2,236,705</u>

See accompanying auditors' report.

***Brazos County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
November 30, 2022***

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 85,000	\$ 95,785	\$ 180,785
2024	85,000	94,198	179,198
2025	95,000	92,554	187,554
2026	95,000	90,654	185,654
2027	100,000	88,754	188,754
2028	105,000	86,699	191,699
2029	105,000	84,489	189,489
2030	115,000	82,224	197,224
2031	115,000	79,615	194,615
2032	125,000	76,878	201,878
2033	125,000	73,688	198,688
2034	135,000	70,433	205,433
2035	135,000	66,685	201,685
2036	130,000	62,938	192,938
2037	130,000	59,213	189,213
2038	140,000	55,488	195,488
2039	140,000	51,475	191,475
2040	150,000	47,275	197,275
2041	150,000	42,775	192,775
2042	160,000	38,275	198,275
2043	165,000	33,400	198,400
2044	175,000	28,375	203,375
2045	180,000	23,045	203,045
2046	185,000	17,560	202,560
2047	90,000	11,925	101,925
2048	95,000	9,135	104,135
2049	95,000	6,143	101,143
2050	100,000	3,150	103,150
	<u>\$ 3,505,000</u>	<u>\$ 1,572,828</u>	<u>\$ 5,077,828</u>

See accompanying auditors' report.

Brazos County Municipal Utility District No. 1
TSI-6. Change in Long-Term Bonded Debt
November 30, 2022

	Bond Issue		Totals
	Series 2020 Road	Series 2022	
Interest rate	1.50% - 3.15%	2.00% - 3.00%	
Dates interest payable	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/21 - 9/1/50	9/1/23 - 9/1/46	
Beginning bonds outstanding	\$ 1,960,000	\$ -	\$ 1,960,000
Bonds issued		1,590,000	1,590,000
Bonds retired	(45,000)		(45,000)
Ending bonds outstanding	<u>\$ 1,915,000</u>	<u>\$ 1,590,000</u>	<u>\$ 3,505,000</u>
Interest paid during fiscal year	<u>\$ 54,322</u>	<u>\$ 24,613</u>	<u>\$ 78,936</u>
Paying agent's name and city All Series	<u>Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>		

	Water, Sewer and Drainage Bonds	Road Bonds
	Bond Authority:	
Amount Authorized by Voters	\$ 235,600,000	\$ 104,060,000
Amount Issued	(1,590,000)	(2,000,000)
Remaining To Be Issued	<u>\$ 234,010,000</u>	<u>\$ 102,060,000</u>

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 November 30, 2022:	<u>\$ 196,938</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 181,351</u>

See accompanying auditors' report.

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Brazos County Municipal Utility District No. 1
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018**
Revenues					
Property taxes	\$ 248,370	\$ 132,055	\$ 86,325	\$ 67,865	\$ 63,860
Penalties and interest			90		193
Investment earnings	726	19	75	92	50
Total Revenues	<u>249,096</u>	<u>132,074</u>	<u>86,490</u>	<u>67,957</u>	<u>64,103</u>
Expenditures					
Operating and administrative					
Professional fees***	134,992	191,448	87,332	48,014	71,697
Contracted services	36,094	14,660	34,059	19,185	18,772
Repairs and maintenance		5,240			
Utilities				664	
Administrative	8,535	9,943	50,045	9,608	7,704
Other	12,577	1,117	625	9,656	600
Total Expenditures	<u>192,198</u>	<u>222,408</u>	<u>172,061</u>	<u>87,127</u>	<u>98,773</u>
Revenues Over/(Under) Expenditures	<u>\$ 56,898</u>	<u>\$ (90,334)</u>	<u>\$ (85,571)</u>	<u>\$ (19,170)</u>	<u>\$ (34,670)</u>

*Percentage is negligible

**Unaudited

***Professional fees in fiscal years 2018 and 2019 have been restated.

See accompanying auditors' report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018**
100%	100%	100%	100%	100%
		*		*
*	*	*	*	*
100%	100%	100%	100%	100%
54%	145%	101%	71%	112%
14%	11%	39%	28%	29%
	4%			
			1%	
3%	8%	58%	14%	12%
5%	1%	1%	14%	1%
76%	169%	199%	128%	154%
24%	(69%)	(99%)	(28%)	(54%)

Brazos County Municipal Utility District No. 1
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2022	2021	2020
Revenues			
Property taxes	\$ 101,557	\$ 70,989	\$ -
Penalties and interest	872	4,089	
Miscellaneous	327		
Investment earnings	1,955	80	12
Total Revenues	<u>104,711</u>	<u>75,158</u>	<u>12</u>
Expenditures			
Tax collection services	13,547	16,405	12
Other	6,713		
Debt service			
Principal	45,000	40,000	
Interest and fees	77,997	51,414	
Total Expenditures	<u>143,257</u>	<u>107,819</u>	<u>12</u>
Revenues Over/(Under) Expenditures	<u>\$ (38,546)</u>	<u>\$ (32,661)</u>	<u>\$ -</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues		
2022	2021	2020
97%	95%	
1%	5%	
*		
2%	*	100%
<u>100%</u>	<u>100%</u>	<u>100%</u>
13%	22%	100%
6%		
43%	53%	
74%	68%	
<u>136%</u>	<u>143%</u>	<u>100%</u>
<u>(36%)</u>	<u>(43%)</u>	<u>0%</u>

***Brazos County Municipal Utility District No. 1
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended November 30, 2022***

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
 District Business Telephone Number: (713) 860-6400
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): July 19, 2022
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Robert Goodwin	05/20 - 05/24	\$ 1,350	\$ 103	President
Charles Moreau	05/22 - 05/26	1,200	83	Vice President
Lawrence Hodges	05/20 - 05/24	1,350	103	Secretary
Brian Fisher	05/22 - 05/26	600	43	Assistant Vice President
Kyle Davis	05/20 - 05/24	1,350	103	Assistant Secretary
Consultants				
		<u>Amounts Paid</u>		
Allen Boone Humphries Robinson, LLP	2015			Attorney
<i>General legal fees</i>		\$ 95,471		
<i>Bond counsel fees</i>		49,293		
Municipal Accounts	2022	4,407		Bookkeeper
Fran Matuska Inc.	2015	5,640		Former Bookkeeper
B&A Municipal Tax Service	2015	4,500		Tax Collector
Brazos Central Appraisal District	Legislation	3,260		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2017	120		Delinquent Tax Attorney
Costello, Inc.	2021	22,990		Engineer
McGrath & Co., PLLC	2015	22,350		Auditor
Post Oak Municipal Advisors LLC	2018	34,206		Financial Advisor

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

See accompanying auditors' report.

Financing Timetable

\$8,715,000

*Brazos County Municipal Utility District No. 1
Unlimited Tax Road Bonds, Series 2024*

Dec-2023							Jan-2024							Feb-2024						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2	/	2	3	4	5	6						1	2	3
3	4	5	6	7	8	9	7	8	9	10	11	12	13	4	5	6	7	8	9	10
10	11	12	13	14	15	16	/	15	16	17	18	19	20	11	12	13	14	15	16	17
17	18	19	20	21	22	23	21	22	23	24	25	26	27	/	19	20	21	22	23	24
24	/	25	26	27	28	29	30	28	29	30	31			25	26	27	28	29		
31																				

Bond Market Holiday
 Regular Board Meeting

Date	Action Item	Responsibility
Thu 11/2	Distribute first draft POS to working group	FA
Fri 11/3	Regular Board Meeting POS approval and authorize distribution of POS	Issuer/BC/FA
Fri 11/10	Return comments on first draft POS	ALL
Mon 11/20	City Council Approval of POS	Issuer/BC/FA
Mon 11/27	Distribute second draft POS to working group	FA
Mon 11/27	Submit credit package to rating agency	FA
Mon 11/27	Submit application for bond insurance	FA
Fri 12/8	Return comments on second draft of POS	ALL
Mon 12/11	Distribute final draft of POS	FA
Fri 12/22	Return final comments on POS	ALL
Fri 12/29	Publish notice of sale advertisements	FA
Mon 1/2	Receive rating from rating agency	FA
Tue 1/3	Print and distribute POS	FA
Wed 1/10	Bond Pricing Special board meeting - award low bidder	ALL
Wed 1/10	Distribute draft of final Official Statement ("OS")	FA
Tue 1/16	Return comments on OS	All
Wed 1/17	Print and distribute OS	FA
Tue 1/30	Distribute draft of closing memorandum	FA
Fri 2/2	Distribute final closing memorandum	FA
Tue 2/6	Closing Deliver bonds and transfer funds	Issuer/BC/FA

Issuer: Brazos County Municipal Utility District No. 1
 BC : Bond Counsel (ABHR)
 FA : Financial Advisor (Post Oak Municipal Advisors LLC)
 PA : Paying Agent (BNY Mellon)

BOND DEBT SERVICE

Brazos County Municipal Utility District No. 1
U/L Tax Road Bonds, Series 2024

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2024			305,025.00	305,025.00
09/01/2025	165,000	5.250%	457,537.50	622,537.50
09/01/2026	175,000	5.250%	448,875.00	623,875.00
09/01/2027	180,000	5.250%	439,687.50	619,687.50
09/01/2028	190,000	5.250%	430,237.50	620,237.50
09/01/2029	200,000	5.250%	420,262.50	620,262.50
09/01/2030	210,000	5.250%	409,762.50	619,762.50
09/01/2031	225,000	5.250%	398,737.50	623,737.50
09/01/2032	235,000	5.250%	386,925.00	621,925.00
09/01/2033	250,000	5.250%	374,587.50	624,587.50
09/01/2034	260,000	5.250%	361,462.50	621,462.50
09/01/2035	275,000	5.250%	347,812.50	622,812.50
09/01/2036	290,000	5.250%	333,375.00	623,375.00
09/01/2037	305,000	5.250%	318,150.00	623,150.00
09/01/2038	320,000	5.250%	302,137.50	622,137.50
09/01/2039	335,000	5.250%	285,337.50	620,337.50
09/01/2040	355,000	5.250%	267,750.00	622,750.00
09/01/2041	375,000	5.250%	249,112.50	624,112.50
09/01/2042	390,000	5.250%	229,425.00	619,425.00
09/01/2043	415,000	5.250%	208,950.00	623,950.00
09/01/2044	435,000	5.250%	187,162.50	622,162.50
09/01/2045	460,000	5.250%	164,325.00	624,325.00
09/01/2046	480,000	5.250%	140,175.00	620,175.00
09/01/2047	505,000	5.250%	114,975.00	619,975.00
09/01/2048	535,000	5.250%	88,462.50	623,462.50
09/01/2049	560,000	5.250%	60,375.00	620,375.00
09/01/2050	590,000	5.250%	30,975.00	620,975.00
	8,715,000		7,761,600.00	16,476,600.00

BOND DEBT SERVICE

**Brazos County Municipal Utility District No. 1
U/L Tax Road Bonds, Series 2024**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2024			305,025.00	305,025.00	305,025.00
03/01/2025			228,768.75	228,768.75	
09/01/2025	165,000	5.250%	228,768.75	393,768.75	622,537.50
03/01/2026			224,437.50	224,437.50	
09/01/2026	175,000	5.250%	224,437.50	399,437.50	623,875.00
03/01/2027			219,843.75	219,843.75	
09/01/2027	180,000	5.250%	219,843.75	399,843.75	619,687.50
03/01/2028			215,118.75	215,118.75	
09/01/2028	190,000	5.250%	215,118.75	405,118.75	620,237.50
03/01/2029			210,131.25	210,131.25	
09/01/2029	200,000	5.250%	210,131.25	410,131.25	620,262.50
03/01/2030			204,881.25	204,881.25	
09/01/2030	210,000	5.250%	204,881.25	414,881.25	619,762.50
03/01/2031			199,368.75	199,368.75	
09/01/2031	225,000	5.250%	199,368.75	424,368.75	623,737.50
03/01/2032			193,462.50	193,462.50	
09/01/2032	235,000	5.250%	193,462.50	428,462.50	621,925.00
03/01/2033			187,293.75	187,293.75	
09/01/2033	250,000	5.250%	187,293.75	437,293.75	624,587.50
03/01/2034			180,731.25	180,731.25	
09/01/2034	260,000	5.250%	180,731.25	440,731.25	621,462.50
03/01/2035			173,906.25	173,906.25	
09/01/2035	275,000	5.250%	173,906.25	448,906.25	622,812.50
03/01/2036			166,687.50	166,687.50	
09/01/2036	290,000	5.250%	166,687.50	456,687.50	623,375.00
03/01/2037			159,075.00	159,075.00	
09/01/2037	305,000	5.250%	159,075.00	464,075.00	623,150.00
03/01/2038			151,068.75	151,068.75	
09/01/2038	320,000	5.250%	151,068.75	471,068.75	622,137.50
03/01/2039			142,668.75	142,668.75	
09/01/2039	335,000	5.250%	142,668.75	477,668.75	620,337.50
03/01/2040			133,875.00	133,875.00	
09/01/2040	355,000	5.250%	133,875.00	488,875.00	622,750.00
03/01/2041			124,556.25	124,556.25	
09/01/2041	375,000	5.250%	124,556.25	499,556.25	624,112.50
03/01/2042			114,712.50	114,712.50	
09/01/2042	390,000	5.250%	114,712.50	504,712.50	619,425.00
03/01/2043			104,475.00	104,475.00	
09/01/2043	415,000	5.250%	104,475.00	519,475.00	623,950.00
03/01/2044			93,581.25	93,581.25	
09/01/2044	435,000	5.250%	93,581.25	528,581.25	622,162.50
03/01/2045			82,162.50	82,162.50	
09/01/2045	460,000	5.250%	82,162.50	542,162.50	624,325.00
03/01/2046			70,087.50	70,087.50	
09/01/2046	480,000	5.250%	70,087.50	550,087.50	620,175.00
03/01/2047			57,487.50	57,487.50	
09/01/2047	505,000	5.250%	57,487.50	562,487.50	619,975.00
03/01/2048			44,231.25	44,231.25	
09/01/2048	535,000	5.250%	44,231.25	579,231.25	623,462.50
03/01/2049			30,187.50	30,187.50	
09/01/2049	560,000	5.250%	30,187.50	590,187.50	620,375.00
03/01/2050			15,487.50	15,487.50	
09/01/2050	590,000	5.250%	15,487.50	605,487.50	620,975.00
	8,715,000		7,761,600.00	16,476,600.00	16,476,600.00