August 19, 2024 CITY COUNCIL MEETING AGENDA

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §
CITY OF MANVEL §

KEITH BONNER, COUNCIL PLACE 1
DAVID LANDS, COUNCIL PLACE 2
HARRY OPLIGER, COUNCIL PLACE 3
ED PERRY, COUNCIL PLACE 4
CRYSTAL SARMIENTO, COUNCIL PLACE 5
JEROME HUDSON, COUNCIL PLACE 6

DAN DAVIS, MAYOR
DAN JOHNSON, CITY MANAGER
TAMMY BELL, CITY SECRETARY

NOTICE OF A CITY COUNCIL MEETING OF THE CITY OF MANVEL
August 19, 2024

NOTICE IS HEREBY GIVEN
5:00 P.M. WORKSHOP – 6:00 P.M. REGULAR SESSION

Pursuant to Chapter 551, Title 5 of the Texas Government Code, the Texas Open Meetings Act, notice is hereby given that the Manvel City Council will convene a regular meeting at the Manvel City Hall, located at 20031 Hwy 6, Manvel Tx 77578 for the purpose of discussing and if appropriate, take action with respect to the following items:

NOTE: The City Council of the City of Manvel reserves the right to discuss any items in Closed Session whenever authorized under the Texas Open Meetings Act, Chapter 551, of the Texas Government Code. The City Council may discuss the items on this agenda in any order.

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpreter services must be made 48 hours prior to this meeting. Please contact the City Secretary at 281-489-0630 x6 for further information.

CITY OF MANVEL MISSION STATEMENT

The City of Manvel is a safe and responsible community, embracing the values of our past, present, and future citizens.

Workshop Session

Hurricane Beryl After Action Discussion.

Discussion on FY 2024-2025 Budget

Discussion on any topic as listed on the current agenda.

Regular Session

Call To Order

Invocation

Inspirational Reading - Councilmember Sarmiento

August 19, 2024 CITY COUNCIL MEETING AGENDA

Pledge

Pledge of Allegiance and Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee Texas, one state under God, one and indivisible.

Presentations

Proclamations

National Dog Month - August 2024

National Preparedness Month - September 2024

Public Hearing

TO HEAR COMMENTS FROM THE PUBLIC REGARDING AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF MANVEL, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

TO HEAR COMMENTS FROM THE PUBLIC REGARDING AN ORDINANCE GRANTING TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE AND FRANCHISE TO USE THE PUBLIC RIGHTS-OF-WAY WITHIN THE CITY OF MANVEL, TEXAS FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE COMPANY'S ELECTRIC UTILITY FACILITIES TO CONDUCT AN ELECTRIC DELIVERY BUSINESS WITHIN THE CITY OF MANVEL, TEXAS.

Public Comments: "Comment Card" Required

o Members of the public with business before the board, NOT scheduled on the agenda as a public hearing (that have submitted a public comment card) may have three (3) minutes to address the board. o The board may not participate in any discussion and cannot vote on the subject you present unless it is listed on the agenda as an action item.

City Manager Update

Update on current events and city issues.

Consent Agenda

1. Acceptance of the meeting minutes to date.

2. Acceptance of infrastructure improvements for Water, Sewer, and Drainage Facilities, and Paving and Appurtenances to Serve Del Bello Lakes Section 9 for MUD 43 to begin the Two-Year Maintenance Period.

Items Removed from Consent Agenda

Regular Agenda

1. Consideration and possible action to fill the unexpired term for Position 6 of the Manvel Economic Development Corporation Board.

2. Consideration and possible action to approve the second and final reading of Ordinance 2024-O-24;
AN ORDINANCE OF THE CITY OF MANVEL, TEXAS AMENDING CHAPTER 77-ZONING, OF THE CODE OF ORDINANCES, PROVIDING FOR THE REGULATION OF ACCESSORY DWELLING UNITS; PROVIDING FOR THE CREATION AND MODIFICATION OF DEFINITIONS RELATED TO THE REGULATION OF ACCESSORY DWELLING UNITS, SECTION 77-3, DEFINITIONS; PROVIDING FOR AMENDMENTS TO SECTION 77-27, OPEN SINGLE-FAMILY RESIDENTIAL (O-SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-28, SINGLE-FAMILY RESIDENTIAL (SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-37, BY ESTABLISHING A NEW SECTION 77-37 - ACCESSORY DWELLING UNIT (ADU); AND PROVIDING FOR SEVERABILITY; AND PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF. *(Forwarded with 7/0 favorable recommendation with conditions by PD&Z on July 22, 2024. First reading was approved 7/0 by City Council on 8/5/2024)*

3. Consideration and possible action to approve the first of two readings of Ordinance 2024-O-32;
AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF MANVEL, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

4. Consideration and possible action to approve the first of two readings of Ordinance 2024-O-33;
AN ORDINANCE GRANTING TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE AND FRANCHISE TO USE THE PUBLIC RIGHTS-OF-WAY WITHIN THE CITY OF MANVEL, TEXAS FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE COMPANY'S ELECTRIC UTILITY FACILITIES TO CONDUCT AN ELECTRIC DELIVERY BUSINESS WITHIN THE CITY OF MANVEL, TEXAS.

5. Consideration and possible action to approve Resolution 2024-R-27;
RESOLUTION OF THE CITY OF MANVEL, TEXAS GIVING CONSENT TO THE SALE AND ISSUANCE OF BONDS BY BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56 OF BRAZORIA COUNTY.

6. Consideration and possible action to appoint Jose Abraham as the City's *Zoning Official*, to administer and enforce the zoning regulations of the city (section 77-3 of The City Code).

7. Consideration and possible action to approve the City Manager's designation of a 6-month rotational schedule designating an acting city manager to perform the duties in case of his absence or disability, as required by Section 5.02 (f) of the City Charter.

8. Consideration and possible action to approve the Tenth Amendment to the Amended and Restated Development Agreement between Sedona Lakes, Municipal Utility District No. 1 Brazoria County, and The City of Manvel.

9. Consideration and possible action to direct staff on a light ordinance for residential areas.

10. Consideration and possible action to direct staff on a Music Festival.

Executive Session

Council will convene into an Executive Session in accordance with the Texas Government Code, pursuant to ***Section 551.071***: Consultation with Attorney.

Discuss Interlocal and Development Agreement by and between the City of Manvel, Brazoria County Municipal Utility District NO. 83, and Hillwood Enterprises, L.P.

Council will convene into an Executive Session in accordance with the Texas Government Code, pursuant to ***Section 551.074***: Personnel Matters; to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Discuss complaints against Mayor and city personnel.

Mayor and Council Comments

Update on current events and city issues.
Additionally, pursuant to Texas Government Code § 551.0415, City Council Members and city staff may make a report about items of community interest during a meeting of the governing body without having given notice of the report.
Items of community interest include:

- Expressions of thanks, congratulations, or condolence;
- Information regarding holiday schedules;
- An honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision;
- A reminder about an upcoming event organized or sponsored by the governing body;
- Information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; and
- Announcements involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Adjourn

CITY OF MANVEL TEXAS SEAL 1960

CERTIFICATION

I, Tammy Bell, City Secretary for the City of Manvel, do hereby certify that the foregoing Agenda of the Manvel City Council is true and correct and that I posted such notice on the bulletin board at the Manvel City Hall; a place convenient and readily accessible to the public on August 16, 2024! In accordance with the Texas Open Meetings Act (Tex. Gov't. Code §551.001 et.seq). Said notice remained posted for at least 72 hours preceding the scheduled time of the meeting.

TAMMY BELL, CITY SECRETARY
CITY OF MANVEL, TEXAS

Proclamation

OFFICE OF THE MAYOR
CITY OF MANVEL

Whereas, the bond between dogs and their owners is one of profound significance, fostering a relationship built on trust, care, and mutual respect, which contributes to the emotional well-being and happiness of individuals and families alike; and

Whereas, responsible pet ownership is essential to maintaining the health and well-being of our canine companions, requiring a commitment to proper nutrition, regular veterinary care, exercise, and socialization, as well as adherence to local laws and regulations regarding licensing, leash laws, and vaccinations; and

Whereas, it is imperative that we, as a community, take a stand against the abandonment and dumping of animals, recognizing that such actions are not only cruel and inhumane but also contribute to the overpopulation of shelters and the suffering of countless animals; and

Whereas, the act of adopting or fostering a dog provides a second chance for animals in need, offering them the opportunity to experience the love and security of a forever home, while also providing adopters and fosters with the joy and satisfaction of making a positive difference in the lives of these animals; and

Whereas, local animal shelters, rescue organizations, and advocacy groups work tirelessly to promote the adoption and fostering of dogs, educate the public on responsible pet ownership, and provide essential services to ensure the well-being of all animals in our community; and

Whereas, National Dog Month serves as a reminder to all citizens to treat our canine companions with the kindness, respect, and care they deserve and to encourage others to consider adopting or fostering a dog in need;

Now, Therefore, I, Dan Davis, by virtue of the authority vested in me as Mayor of the City of Manvel, Texas, do hereby proclaim August 2024 as

"National Dog Month"

in the City of Manvel, Texas. I encourage all citizens to celebrate the special bond we share with our dogs, to commit to responsible pet ownership, to stand against animal dumping, and to consider adopting or fostering animals in need. Let us all work together to create a community where every dog can live a happy, healthy, and loving life.

In witness thereof, I have hereunto set my hand and caused the seal of the City of Manvel to be affixed.

Dan Davis, Mayor
August 19, 2024

Proclamation

OFFICE OF THE MAYOR
CITY OF MANVEL

Whereas, National Preparedness Month is a nationwide coordinated effort held each September to encourage citizens to take steps to prepare for emergencies in their homes, businesses, and schools; and

Whereas, the City of Manvel considers the safety and security of its citizens to be its most profound duty; and

Whereas, during National Preparedness Month, city staff recommits to preparing for disasters, both natural and manmade, especially the extreme weather events that we face with increasing frequency and ferocity; and

Whereas, all citizens have a responsibility and role to play in their contributions to their own safety and security as part of a larger effort of the community to prevent, respond to, and recover from emergencies and disasters as part of a broader campaign of National Preparedness; and

Whereas, City of Manvel citizen preparedness activities are ongoing through the City of Manvel and are supported by a wide range of state initiatives, including National Incident Management System (NIMS) training and ongoing social media campaigns focused on crime, health, and safety; and

Whereas, the combined activities of local, state, and federal agencies working in partnership with an informed and ready private sector and citizenry can translate the fear of unexpected emergencies and disasters into proactive preparedness that protects the lives, safety, and security of our citizens;

Now, Therefore, I, Dan Davis, by virtue of the authority vested in me as Mayor of the City of Manvel and on behalf of the citizens of Manvel, do hereby proclaim the month of September 2024 as

"National Preparedness Month"

in the City of Manvel, and call upon the citizens to observe this month by participating in emergency preparedness activities in their homes, businesses, and schools.

In witness thereof, on August 19, 2024, I have hereunto set my hand and caused the seal of the City of Manvel to be affixed.

Dan Davis, Mayor

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §
CITY OF MANVEL §

KEITH BONNER, COUNCIL PLACE 1
DAVID LANDS, COUNCIL PLACE 2
HARRY OPLIGER, COUNCIL PLACE 3
ED PERRY, COUNCIL PLACE 4
CRYSTAL SARMIENTO, COUNCIL PLACE 5
JEROME HUDSON, COUNCIL PLACE 6

DAN DAVIS, MAYOR
DAN JOHNSON, CITY MANAGER
TAMMY BELL, CITY SECRETARY

MISSION STATEMENT:
"The City of Manvel is a safe and responsible community, embracing the values of our past, present, and future citizens."

MINUTES 8/5/2024

Workshop Session

Mayor Davis called the workshop of the Manvel City Council to order at 5:00 p.m.
Those in attendance were:

Present:	Mayor Dan Davis City Councilmember Place 1 Keith Bonner City Councilmember Place 2 David Lands City Councilmember Place 3 Harry Opliger City Councilmember Place 4 Ed Perry City Councilmember Place 5 Crystal Sarmiento City Councilmember Place 6 Jerome Hudson
Absent:	None
Also Present:	Dan Johnson, City Manager Robert Gervais, City Attorney Keith Traylor, Chief of Police Jose Abraham, Director of Development Services Rosa Donaire, Finance Director Robbie Hall, Director of Public Works Chad Dumont, Personnel Director Alyssa Deaton, Assistant City Secretary

Discussion on FY 2024-2025 Budget.

Councilmember Bonner does not want to see the city raise taxes after adopting the Homestead Exemption.
Councilmember Lands would not like to see the taxes go above 56 cents. He also iterates Public Safety as his main concern.
Councilmember Opliger inquired about the rising crime rates. Would not be concerned with bumping up the rate a few cents if that meant allowing for hiring another patrol officer.

Mayor Davis shares that although it is enticing to raise the rate because we are allowed to, holding at 56 cents is the right position.
Councilmember Perry shares concerns about raising the taxes after passing the Homestead Exemption. Would like us to be more active in our Economic Development efforts.
Councilmember Sarmiento feels the 56 cents is a rate she can get behind. Is concerned about the growth versus return trend over the years.
Councilmember Hudson shares that we need to start thinking outside the box and looking at long-term goals so we aren't having to scrape by each year.

Mayor Davis closed the Workshop Session at 6:04 p.m.

Discussion on any topic as listed on the current agenda.

Regular Session
Call To Order
Mayor Davis called the meeting of the Manvel City Council to order at 6:12 p.m.
Those in attendance were:

Present:	Mayor Dan Davis
	City Councilmember Place 1 Keith Bonner
	City Councilmember Place 2 David Lands
	City Councilmember Place 3 Harry Opliger
	City Councilmember Place 4 Ed Perry
	City Councilmember Place 5 Crystal Sarmiento
	City Councilmember Place 6 Jerome Hudson
Absent:	None
Also Present:	Dan Johnson, City Manager
	Robert Gervais, City Attorney
	Keith Traylor, Chief of Police
	Tammy Bell, City Secretary
	Jose Abraham, Director of Development Services
	Rosa Donaire, Finance Director
	Robbie Hall, Director of Public Works
	Chad Dumont, Personnel Director

Invocation

Inspirational Reading - Councilmember Perry

Pledge

Public Hearing

TO HEAR INPUT FROM THE PUBLIC ON AN ORDINANCE OF THE CITY OF MANVEL, TEXAS, FINDING AND DETERMINING THAT PUBLIC CONVENIENCE AND NECESSITY NO LONGER REQUIRE THE CONTINUED EXISTENCE OF CITY RIGHT- OF-WAY, GENERALLY A 40-FOOT STRIP RUNNING FROM IOWA LANE (ON THE EAST) TO THE TOPEKA & SANTA FE RAILROAD CALLED 150 FOOT STRIP (ON THE WEST), CONSISTING OF:

(1) A 0.4503 ACRE (19,615 SQ. FT.) ACRE TRACT ALONG THE SOUTHERN BORDER OF REDEEMER CHURCH MANVEL PROPERTY, LOCATED AT 18218 S.H. 6, MANVEL, TX 77578; and

(2) A 0.3829 ACRE (16,680 SQ. FT.) ACRE TRACT ALONG THE SOUTHERN BORDER OF MELDI HOSPITALITY, L.P. PROPERTY, SAID PROPERTY BEING 6.327 ACRES LOCATED AT THE SOUTHWEST CORNER OF S.H. 6 AND IOWA LANE, MANVEL, TEXAS; and

(3) A 0.9881 ACRE (43,040 SQ. FT.) ACRE TRACT ALONG AND THROUGH THE INTERIOR OF SONMAR OF ALBUQUERQUE, LLC. PROPERTY, SAID PROPERTY BEING THE REMAINDER OF A CALLED 30.244 ACRES SONMAR INN OF LAS CRUCES, L.L.C., et al. B.C.C.F. NO. 2006018645; and

(4) A 0.4946 ACRE (21,547 SQ. FT.) ACRE TRACT THROUGH THE INTERIOR OF MILESTONE SOUTH SIX DEVELOPMENT, LTD. PROPERTY, SAID PROPERTY BEING THE REMAINDER OF A CALLED 25.5279 ACRES MILESTONE SOUTH SIX DEVELOPMENT, LTD. B.C.C.F. NO. 03 061748;

VACATING, ABANDONING, AND CLOSING SAID PUBLIC RIGHT-OF-WAY; AUTHORIZING THE MAYOR TO EXECUTE AND THE CITY SECRETARY TO ATTEST, RESPECTIVELY, QUITCLAIM DEEDS CONVEYING RESPECTIVE INTERESTS IN SAID ABANDONED RIGHT-OF-WAY TO THE ABUTTING PROPERTY OWNER(S); PROVIDING FOR SEVERABILITY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

Mayor Davis opened the Public Hearing at 6:20 p.m.
1st call for comments - None
2nd call for comments - None
3rd call for comments - None
Mayor Davis closed the Public Hearing at 6:20 p.m.

Public Comments: "Comment Card" Required

Tim Black shared that the meeting with Councilmember Sarmiento and the community was very helpful, and he is hopeful about the Animal Control ordinance and issues surrounding Animal Control.
Cindy Guire updated that the community group is working on compiling the ordinance and has been given 90 days.
Abby Sarmiento - raising money for a 5k-run and asking for donations to help raise $10,000 for shoe donations for school and Christmas time.

City Manager Update

Dan Johnson - Drainage concern on Mississippi - productive meeting with TxDOT and CNR3, and they are committed to looking into the issue.
Hurricane Beryl, Crowder Gulf/Debri Tech - currently at 28 cubic yards. Commended Brooke and Tammy for getting a link up for residents to report missed addressed, which has been helpful.
Tammy Bell provided an update on the Manvel Market - the event was very successful, with a lot of vendors selling out. The second market is on September 7th.

Consent Agenda

1. Acceptance of the meeting minutes to date.

<u>Councilmember Bonner made the motion to approve the Consent Agenda. Councilmember Hudson seconded the motion.</u>
<u>The motion carried with a vote: 7/0</u>

Yes:	Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No:	None
Absent:	None
Abstained:	None

Items Removed from Consent Agenda - None

Regular Agenda

1. Consideration and possible action on a record vote setting the Preliminary Tax Rate for 2024 and scheduling the Public Hearing on Sept 16, 2024, at 6:00 p.m. at Manvel City Hall, 20031 Hwy 6, Manvel Tx.

   Mayor Davis made the motion to approve and set the Preliminary Tax Rate at .56 cents for 2024. Councilmember Sarmiento seconded the motion.
   The motion carried with a roll call vote: 6/1
   Mayor Dan Davis - **YES**
   City Councilmember Place 1 Keith Bonner - **YES**
   City Councilmember Place 2 David Lands - **YES**
   City Councilmember Place 3 Harry Opliger - **NO**
   City Councilmember Place 4 Ed Perry - **YES**
   City Councilmember Place 5 Crystal Sarmiento - **YES**
   City Councilmember Place 6 Jerome Hudson - **YES**
   Absent: None
   Abstained: None

2. Consideration and possible action to approve and authorize the City Manager to Execute; CONTRACT FOR PROFESSIONAL SERVICES - ARCHITECT WITH PGAL FOR THE DESIGN OF THE MANVEL CITY HALL EXPANSION AND RELATED SITE WORK.

   Jeff Gerber, PGAL, presented to Council. If approved, the project would go to bid February 2025, construction May 2025, completion March 2026.

   Councilmember Sarmiento asks if it would be possible to get the park going faster than the building. Jeff responded that yes, this would be possible.
   Councilmember Lands requests that a fence be considered around the park for safety.
   Mayor Davis wants to ensure that the park is specifically called out in the agreement and wants to try to expedite the process where possible. He also wants to make sure that the Parks board is involved in the process of designing the park.
   Mayor asks for a milestone checkpoint for a final sign-off from Council before moving forward to make sure we have that recommendation from Parks, and so they can see what the final design
   and layout is going to be before we move forward with it.

   Councilmember Bonner made the motion to approve. Councilmember Perry seconded the motion.
   The motion carried with a vote: 7/0
   Yes: Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
   No: None
   Absent: None
   Abstained: None

3. Consideration and possible action to approve the second and final reading of Ordinance No. 2024-O-27;
   AN ORDINANCE OF THE CITY OF MANVEL, TEXAS, AMENDING CHAPTER 8. ANIMALS, BY ADOPTING NEW PROVISIONS GOVERNING ANIMALS; ADDING A NEW ARTICLE IV. ANIMAL SELLER PERMIT; ADDING A NEW ARTICLE V. PETTING

ZOOS; PROVIDING A PENALTY FOR ANY VIOLATION OF ANY PROVISION OF THIS ORDINANCE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

90 days from the first reading approval on July 1, 2024, to bring back the second reading or the item fails.

No action taken.

4. Consideration and possible action to approve the second and final reading of Ordinance 2024-O-30;
AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF MANVEL BY AMENDING CHAPTER 33 "FOOD AND FOOD HANDLERS" TO ADOPT THE 2021 *TEXAS FOOD ESTABLISHMENT RULES* (TFER), WITH LOCAL AMENDMENTS CONSISTENT THEREWITH, REGULATING FOOD ESTABLISHMENTS; AMENDING CHAPTER 35 "FOOD AND FOOD HANDLERS" TO AMEND DEFINITIONS AND OTHER PROVISIONS TO MAKE THE RULES PERTAINING TO MOBILE FOOD VENDORS CONSISTENT WITH ADOPTION OF THE 2021 TFER; REPEALING PROVISIONS IN CONFLICT THEREWITH; PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000.00 PER DAY FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF; AND PROVIDING FOR SEVERABILITY.

Catharine Gray, Code Enforcement Officer, provided clarity on food handler's licensing and permitting.

Councilmember Sarmiento made the motion to approve. Councilmember Opliger seconded the motion.
The motion carried with a vote: 7/0

Yes:	Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No:	None
Absent:	None
Abstained:	None

5. Consideration and possible action to approve the first of two readings of Ordinance 2024-O-24;
AN ORDINANCE OF THE CITY OF MANVEL, TEXAS AMENDING CHAPTER 77 - ZONING, OF THE CODE OF ORDINANCES, PROVIDING FOR THE REGULATION OF ACCESSORY DWELLING UNITS; PROVIDING FOR THE CREATION AND MODIFICATION OF DEFINITIONS RELATED TO THE REGULATION OF ACCESSORY DWELLING UNITS, SECTION 77-3, DEFINITIONS; PROVIDING FOR AMENDMENTS TO SECTION 77-27, OPEN SINGLE-FAMILY RESIDENTIAL (O-SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-28, SINGLE-FAMILY RESIDENTIAL (SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-37, BY ESTABLISHING A NEW SECTION 77-37 - ACCESSORY DWELLING UNIT (adu); AND PROVIDING FOR SEVERABILITY; AND PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF. *(Forwarded with 7/0 favorable recommendation with conditions by PD&Z on July 22, 2024)*

Jordan Cruz, SafeBuilt/BBG, provided the presentation to Council. Evan Duvall was also present for questions.
Mayor Davis would like to see the 30-inch stove limit removed and the 650-square-foot maximum

on acreage lots increased.
Councilmember Bonner worries about how we are going to manage the rental restriction portion of the ordinance.
Councilmember Sarmiento is not concerned about long-term rentals but is about short-term rentals like Airbnb. Agrees with the Mayor about not limiting the stove size.
Councilmember Lands suggests having a registration form. Councilmember Sarmiento disagrees and feels it should not be mandatory but encouraged.

Mayor Davis made the motion to amend Ordinance 2024-O-24 to remove the language that says not to include a full-range stove that exceeds 30 inches. Councilmember Opliger seconded the motion.

The motion carried with a vote: 7/0

Yes: Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No: None
Absent: None
Abstained: None

Councilmember Sarmiento made the motion to approve as amended. Councilmember Opliger seconded the motion.

The motion carried with a vote: 7/0

Yes: Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No: None
Absent: None
Abstained: None

Executive Session

City Council will convene into Executive Session pursuant to Texas Government Code, Section 551.071: Consultation with Attorney, and Texas Government Code, Section 551.072: "Deliberation Regarding Real Property" to discuss the following:
Deliberate the purchase, exchange, lease, or value of real property.
ROW Abandonment - GENERALLY A 40-FOOT STRIP RUNNING FROM IOWA LANE (ON THE EAST) TO THE TOPEKA & SANTA FE RAILROAD CALLED 150 FOOT STRIP (ON THE WEST),

Canceled.

Regular Agenda

6. Consideration and possible action to approve the first of two readings of Ordinance No. 2024-O-28;
AN ORDINANCE OF THE CITY OF MANVEL, TEXAS, FINDING AND DETERMINING THAT PUBLIC CONVENIENCE AND NECESSITY NO LONGER REQUIRE THE CONTINUED EXISTENCE OF CITY RIGHT-OF-WAY, GENERALLY A 40-FOOT STRIP RUNNING FROM IOWA LANE (ON THE EAST) TO THE TOPEKA & SANTA FE RAILROAD CALLED 150 FOOT STRIP (ON THE WEST), CONSISTING OF:

(1) A 0.4503 ACRE (19,615 SQ. FT.) ACRE TRACT ALONG THE SOUTHERN BORDER OF REDEEMER CHURCH MANVEL PROPERTY, LOCATED AT 18218 S.H. 6, MANVEL, TX 77578; and

(2) A 0.3829 ACRE (16,680 SQ. FT.) ACRE TRACT ALONG THE SOUTHERN BORDER OF MELDI HOSPITALITY, L.P. PROPERTY, SAID PROPERTY BEING 6.327 ACRES LOCATED AT THE SOUTHWEST CORNER OF S.H. 6 AND IOWA LANE, MANVEL, TEXAS; and

(3) A 0.9881 ACRE (43,040 SQ. FT.) ACRE TRACT ALONG AND THROUGH THE INTERIOR OF SONMAR OF ALBUQUERQUE, LLC. PROPERTY, SAID PROPERTY BEING THE REMAINDER OF A CALLED 30.244 ACRES SONMAR INN OF LAS CRUCES, L.L.C., et al. B.C.C.F. NO. 2006018645; and

(4) A 0.4946 ACRE (21,547 SQ. FT.) ACRE TRACT THROUGH THE INTERIOR OF MILESTONE SOUTH SIX DEVELOPMENT, LTD. PROPERTY, SAID PROPERTY BEING THE REMAINDER OF A CALLED 25.5279 ACRES MILESTONE SOUTH SIX DEVELOPMENT, LTD. B.C.C.F. NO. 03 061748;

VACATING, ABANDONING, AND CLOSING SAID PUBLIC RIGHT-OF-WAY; AUTHORIZING THE MAYOR TO EXECUTE AND THE CITY SECRETARY TO ATTEST, RESPECTIVELY, QUITCLAIM DEEDS CONVEYING RESPECTIVE INTERESTS IN SAID ABANDONED RIGHT-OF-WAY TO THE ABUTTING PROPERTY OWNER(S); PROVIDING FOR SEVERABILITY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.
(Forwarded with 7/0 favorable recommendation by PD&Z on July 22, 2024)

CenterPoint has expressed interest in retaining an easement within this right-of-way. Before a final decision can be made, all parties need to discuss this.

Mayor Davis made the motion to table. Councilmember Bonner seconded the motion.
The motion carried with a vote: 7/0

Yes: Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No: None
Absent: None
Abstained: None

Mayor and Council Comments

Adjourn

Councilmember Bonner made the motion to adjourn at 8:02 p.m. Councilmember Perry seconded the motion.
The motion carried with a vote: 7/0

Yes: Mayor Dan Davis, City Councilmember Place 1 Keith Bonner, City Councilmember Place 2 David Lands, City Councilmember Place 3 Harry Opliger, City Councilmember Place 4 Ed Perry, City Councilmember Place 5 Crystal Sarmiento, City Councilmember Place 6 Jerome Hudson
No: None
Absent: None
Abstained: None

CERTIFICATION

TAMMY BELL, CITY SECRETARY	DAN DAVIS, MAYOR
CITY OF MANVEL, TEXAS	CITY OF MANVEL, TEXAS

MANVEL
CITY COUNCIL
DATA SHEET

MEETING DATE:

TOPIC: Acceptance of infrastructure improvements for MUD 43 Water, Sewer, Drainage Facilities and Paving and Appurtenances to Serve Del Bello Lakes Section 9 to begin the Two-Year Maintenance Period.
BACKGROUND: City Staff has approved the final walk through on this project for the civil site work. The applicant has submitted the Two-Year Maintenance Bond with the City Secretary's Office and the As-Built Construction Plans have been submitted to Development Services Department.

STAFF RECOMMENDATION: Staff recommends City Council accept the infrastructure improvements for this project to begin the Two-Year Maintenance Period.

ATTACHMENTS: N/A

FUNDING ISSUES

_X_ **Not applicable**
___ **Not budgeted**
___ **Full amount already budgeted**
___ **Funds to be transferred from Acct.#**

SUBMITTING STAFF MEMBER Robbie Hall	**FINANCE DIRECTOR APPROVAL** Yes **CITY MANAGER APPROVAL** Yes

Board & Commission Application

INSTRUCTIONS: Please complete the entire form and sign at the bottom of the second page. **A copy of your Driver's License or other state issued ID will need to be attached to the application in order for it to be processed.** Please return your completed application to the City Secretary's Office at 20025 HWY 6, Manvel Tx 77578. Please note, knowingly making a false entry in, or false alteration of, a governmental record is an offense under section 37.10 of the Texas Penal Code and, upon conviction, may subject a violator to criminal penalties.

QUALIFICATIONS: In addition to the qualifications for service on a board required by city ordinances or state law, a person appointed to a board must not be delinquent in the payment of taxes, water service charge or other obligation to the city.

Name: Derek Valnoba

Please indicate your preference below.

____ Croix Park Task Force (Meeting Dates TBA) ____ Events Task Force (Meeting Dates TBA)

____ Planning & Zoning Board (meets 1st, and 3rd, Monday @ 7:00 p.m. monthly)

✓ Manvel Economic Development Corporation Board (meets 2nd Wednesday of the month @ 7:00 p.m.)

____ Zoning Board of Adjustments (meets as needed)

____ TIRZ 3 Board ____ SMDA Board (meets as needed) ____ Building & Standards Commission (meets as needed)

____ Parks and Recreation Board (meets 1st Wednesday of the month @ 6:30 p.m. ____ Rental Appeal Board (meets as needed)

☐ ***Yes, I would be interested in serving on subcommittees that may be formed.***

Personal Information

Home Address: 6515 Cemetery Rd

Telephone: ____ Fax: ____

E-mail: ____

I have been a Manvel Resident for ____ years

Registered voter? ☐ Yes ☐ No

Occupational Information

Business Owner? ✓ Yes ☐ No

Business Name: 3-D Air Co LTD

Occupation: HVAC

Business Address: 22107 Hwy 6

Telephone: ____ Fax: ____

Are you a Citizen of the United States? ✓ Yes ☐ No

Do you have a current Driver's License? ✓ Yes ☐ No

List Driver's License Number ____ ***Exp Date*** ____ ***DOB*** ____

Have you ever been convicted of a felony? ☐ Yes ✓ No

If yes, explain ____

Have you been convicted of, received probation or deferred adjudication for any offense that was not a felony with in the last 10 years? ☐ Yes ✓ No

If yes, explain ____

Are you, or have you ever been an adversary party to pending litigation against the City of Manvel? ☐ Yes ✓ No

If yes, explain ____

Have you ever or do you currently serve on any city boards? ✓ Yes ☐ No

If so, what board/city and dates? ZBOA

How many city board meetings have you attended in the last 3 months? 2

What board meetings did you attend? ZBOA, Council

Are you involved in any community activities? (Civic or Hobbies) Yes ☐ No

---

Are you related to any City Employee or Council Member? Yes ☐ No
*If so, please state who:*___

Do you have any outstanding taxes or other debt owed to the city? Yes ☑ No

---

Have you been cited in the past year for non-compliance of any City Codes/Ordinances Yes ☑ No
If yes, explain

Please indicate briefly why you would like to be appointed to a Board or Commission:
I would like to give back to the community in any way possible.

PROVIDE ALL INFORMATION REQUESTED: INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED FOR BOARD/COMMISSION OPPORTUNITIES. *Your complete application form will be maintained in our active files for one year from the date of the application. I understand that should I not be appointed to a City of Manvel board or commission, this application and any other records obtained, collected or otherwise prepared regarding this application shall be maintained in accordance with the Texas Public Information Act and the City of Manvel's document retention schedule.*

DISCLAIMER AND SIGNATURE

I certify that my answers above are true and complete. I understand that the information contained in this application may be considered among other criteria, qualifications and/or information, by the City Council in its evaluation for the position being sought. I further understand that should I be appointed to any City of Manvel board or commission, I serve at the pleasure of the City Council and may be removed from said position at any time and for any reason or no reason at all, with our without notice. I also understand that should I be appointed to a City of Manvel board or commission, I must be responsible for a creditable record of attendance and performance. If this application leads to my appointment to a position on a City of Manvel Board or Commission, I understand that false or misleading information in my application may result in my removal from my position.

I authorize the City of Manvel to conduct a background check to verify all data given in this application.

I have carefully read and understand the above statement.

Signature 8-16-24 *Date*

FOR OFFICE USE ONLY
Date Application Received ___ New Applicant? ☐Yes ☐No
If no, applicant previously served on ___ Board___
Via: ☐website ☐mail ☐in person ☐referral ☐newspaper Appointment made to ___ Term Expires___
☐Statement & Oath Completed ☐No appointment made at this time, retain application for one year.

ORDINANCE NO. 2024-O-24

AN ORDINANCE OF THE CITY OF MANVEL, TEXAS AMENDING CHAPTER 77 - ZONING, OF THE CODE OF ORDINANCES, PROVIDING FOR THE REGULATION OF ACCESSORY DWELLING UNITS; PROVIDING FOR THE CREATION AND MODIFICATION OF DEFINITIONS RELATED TO THE REGULATION OF ACCESSORY DWELLING UNITS, SECTION 77-3, DEFINITIONS; PROVIDING FOR AMENDMENTS TO SECTION 77-27, OPEN SINGLE-FAMILY RESIDENTIAL (O-SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-28, SINGLE-FAMILY RESIDENTIAL (SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-37, BY ESTABLISHING A NEW SECTION 77-37 - ACCESSORY DWELLING UNIT (ADU); AND PROVIDING FOR SEVERABILITY; AND PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF.

* * * * * * * * *

WHEREAS, the City of Manvel, Texas ("City") is a home-rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and

WHEREAS, the City Council of the City of Manvel ("City Council") is empowered under the Texas Local Government Code to adopt ordinances and rules for the orderly and beneficial operation of City government and the welfare of the citizens of Manvel; and

WHEREAS, regulations related to accessory dwelling units are deemed to be necessary for the public health, safety, and welfare of the community as required by the City of Manvel Code of Ordinances; and

WHEREAS, the City Council desires to establish regulations for accessory dwelling units within the City.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANVEL, TEXAS:

<u>Section 1</u>. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct and incorporated herein for all purposes.

<u>Section 2.</u> Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article I, Section 77-3. "Definitions" to read and provide as follows:

"<u>Chapter 77 - ZONING</u>

ARTICLE I. IN GENERAL

. . .

Sec. 77-3. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. The word "building" shall include the meaning of the word "structure"; the word "lot" shall include the meaning of the word "plot"; and the term "used for" shall include the meaning of the terms "designed for" or "intended for."

<u>*Accessory dwelling unit (ADU)* means a secondary dwelling unit established in conjunction with, but clearly subordinate to, a single-family dwelling that is the principal structure on the lot and utilized solely by the owner of the lot. An ADU shall be utilized for the *family* (two or more persons related to the property owner by blood (within two degrees of consanguinity), marriage (within two degrees of affinity), adoption, or guardianship living together as a single housekeeping unit with a single kitchen facility) that resides in the principal structure. The ADU may be attached to the principal structure, or it may be a separate accessory structure or portion thereof on the same lot. An ADU may also be erected over, or in addition to, a normally permitted accessory structure. An accessory dwelling unit may include a kitchenette or cooking facilities. For the purposes of this definition, mobile homes, manufactured homes, and recreational vehicles shall not be construed as an ADU.</u>

Accessory use means a use of a building or land which serves an incidental function to the principal use of a building, structure, or land.

Administratively complete application means any application containing all the required documents listed on any application in the appropriate format, the correct number of copies, paid fees, and any required signatures when submitted to the city, in a final form to be deemed complete for processing.

Adult day care means a group of individuals not necessarily related by blood, marriage, adoption, or guardianship living together in a dwelling unit as a single housekeeping management plan based on an intentionally structured relationship providing organization and stability.

Adult entertainment business shall have the same meaning as "sexually oriented business" as that term is defined in V.T.C.A., Local Government Code § 243.001 et seq., and shall include, but not be limited to, an adult arcade, adult bookstore or adult video store, adult cabaret, adult motel, adult motion picture theater, adult tanning salon, adult theater, escort agency, nude modeling studio, sexual encounter center, or any other commercial enterprise, the primary business of which is the offering of a service or the selling, renting, or exhibiting of devices or any other items intended to provide sexual stimulation or sexual gratification to the customer. Such uses shall be allowed only as specifically authorized under the terms of this article. The determination of what constitutes an adult entertainment business shall be made by the police chief or his designee, and such determination shall be appealable to the zoning board of adjustment.

Alley means minor ways that are used primarily for vehicle service access to the back or the side of properties otherwise abutting a street.

Americans with Disabilities Act means a law enacted in 1990, which is intended to make American society more accessible to persons with disabilities.

Apartments means a structure containing three or more dwelling units with common walls, including units that are located one over the other.

Applicant means any developer that submits an administratively complete application.

<u>*Attached Accessory Dwelling Unit* means an independently functioning Accessory Dwelling Unit (ADU) that is attached to the principal structure, which includes an exterior point of access, bedroom, bathroom, and kitchenette.</u>

Automobile/vehicle sales and rentals means a business which provides for the sale or rental of new or used automobiles and other vehicles, including automobiles, trailers, recreational vehicles, travel trailers, water craft and other similar land or water-form vehicles, but shall not include auto or motor vehicle repair work, except minor reconditioning of automobiles or motor vehicles to be displayed, sold or rented on the premises; provided, however, such term shall not include the sale or rental of salvaged parts, nor shall it include the storage of either new or used automobiles or motor vehicles that are not on display or for sale or rent.

Bar/lounge means a place of business whose revenues from mixed drink liquor service are more than 20 percent and whose revenues from food service are less than 80 percent of the total gross revenues of the establishment.

Building, accessory or structure means a structure detached from a principal building and located on the same lot and incidental and subordinate to the principal building or use.

City means the City of Manvel, Texas.

Community fence means a fence located at the perimeter of a residential neighborhood, visible to the public and maintained by a Home Owners Association or Municipal Utility District. Residential fences owned and maintained by an individual are not considered community fence.

Council means the city council of the city.

Corner lot side yard setback means the open space extending from the front yard to the rear yard and lying between the side lot line adjacent to the public right of way or easement and the closest point of the building or structure on a lot at the junction of and abutting two or more intersecting streets.

Detached Accessory Dwelling Unit means an Accessory Dwelling Unit (ADU) that is clearly subordinate to and detached from the principal structure.

Developer means any person or entity that develops land within the city. This term shall be synonymous with the term "subdivider" in cases where the subdivision of land is involved.

Development plat means a plan for a development project that is not part of and does not require the subdivision of property.

Family means two or more persons related to the property owner by blood (within two degrees of consanguinity), marriage (within two degrees of affinity), adoption, or guardianship living together as a single housekeeping unit with a single kitchen facility. The term "single kitchen facility" shall not exclude one outdoor kitchen facility and one accessory dwelling unit (ADU) with a kitchenette per single housekeeping unit with one kitchen.

Fence means a constructed vertical structure, barrier or partition of any material or combination of materials erected to enclose, screen, or separate outdoor areas, and which has no roof or overhead covering. A masonry wall with a foundation serving the purpose of enclosing, screening, or separating outdoor areas is considered a fence.

Front of building means the part of side which contains the principal entrance of the side adjacent to a public roadway.

Game-room means a business or commercial establishment or building or location wherein machines or apparatus may be played or operated by the insertion of a coin or slug and on which games or tests of skill, chance or ability are played, including pinball machines, and any machine initiating games of sport, shooting or guiding objects, or any machine designed for amusement or relaxation, but not including machines for vending food, drink and tobacco products, music playing or recording or apparatus commonly known as kiddie rides.

Garage means an accessory building or a part of a main building comprised of a minimum of 200 square feet, enclosed on all sides, with an overhead door, and capable of enclosing one or more vehicles.

Garage apartment means an accessory dwelling unit containing living facilities for not more than one (1) family, above a garage or carport.

Garage sales, also referred to by such names as "back yard sale," "yard sale," or "porch sale," shall mean a sale or an offer for sale of miscellaneous items to the general public, upon residential property not otherwise being used for commercial purposes (see section 77-33(c)).

Gross square feet means the entire floor area of a building, including uninhabitable space such as bathrooms, closets, halls, and similar areas.

Guest means a person or persons that are not related by blood (within two degrees of consanguinity), marriage, adoption, or guardianship, that resides on the premises for a period not to exceed one (1) calendar week.

[~~*Guest quarters* means an attached or detached building or secondary living area of residential use that provides living quarters for guest of the occupants of the principal residence, and:~~

~~(1) Contains no kitchen or cooking facility;~~

~~(2) Is clearly subordinate and incidental to the principal residence on the same building site; and~~

~~(3) Is not rented or leased, whether compensation be direct or indirect.~~]

Home business means a business operation that takes place in a home.

HUD-Code manufactured home means a structure constructed on or after June 15, 1976, according to the rules of the United States Department of Housing and Urban Development, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width and 40 body feet or more in length, or, when erected on-site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a single-family dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air conditioning, and electrical systems.

Kitchenette means a portion of a room intended for basic cooking and food preparation.

Legal nonconforming land use means a land use that lawfully existed immediately prior to the effective date of these regulations and not listed as a permitted use in the zoning district in which it is located.

Legal nonconforming structure means a structure that was lawfully existing prior to the effective date of these regulations, but as of the effective date of these regulations, the site of the use, the structure in which the use is situated, does not comply with these regulations.

Lot means a physically undivided tract or parcel of land having frontage on a public or private street, which is, or in the future may be offered for sale, conveyance, transfer or improvement, and which is designated as a separate and distinct tract and identified by numerical or letter identification on a duly and properly recorded subdivision plat.

Lot, tract, or parcel means a designated area of land established by a properly recorded subdivision plat or otherwise permitted by law to be separately owned, used, developed, or built upon.

Lot Line means the boundary of a lot separating it from an abutting lot.

Mobile home or manufactured home means a structure constructed before June 15, 1976, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width and 40 body feet or more in length, or, when erected on-site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a single-family dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air conditioning, and electrical systems.

Off-street parking means a concrete parking surface other than a street or alley accessible from an approved driveway approach and upon which vehicles may be parked.

Open-planned unit development plan means a development plan for a project located within the open-planned unit development district.

Parking aisle means the area of a parking lot or off-street parking area which provides vehicular access to parking spaces (stalls). The term "parking aisle" does not include the words "driveway" or "access point".

Parking space means an area designated for the parking of motor vehicles, and connected to an approved driveway approach, street, parking aisle, access easement, or other accessway.

Patio home/zero lot line home means a single-family home built on a separate lot with building setbacks on the front, rear and one side.

Planned unit development plan means a development plan for a project located within the planned unit development district.

Planning commission means a commission appointed by the council that is responsible for certain planning and zoning items, as provided in the zoning ordinance and applicable state law.

Plat means an instrument prepared by a registered professional land surveyor in conformity with the provisions of Chapter 62, Subdivisions, used to describe subdivided land, with ties to permanent landmarks or monuments, approved by the city or a governmental entity with jurisdiction of the land in accordance with V.T.C.A., Local Government Code § 212.023, and recorded in the Brazoria County Property Records.

Principal building or use means the primary use and chief purpose of a premises or building.

Restaurant means a place of business whose revenues from food sales are 80 percent or more and whose revenues for mixed drink liquor service are 20 percent or less.

Rot board means a horizontal board installed along the bottom of the fence panel which runs along the base of the entire fence panel for a finished look and added protection. Rot Boards are also commonly known as base-boards and kick-boards.

Setback means a minimum distance that is required from a lot line to a building or structure.

Single-family residence means a residence that is to be occupied by only one family.

Sight distance triangle means the triangle formed on any corner lot measured from the point of intersection of the front and exterior side lot lines a distance of 25 feet along said front and side lot lines and connecting the points so established to form a sight triangle on the area of the lot adjacent to the street intersections. Except for single-family residential accessways, a sight triangle at the intersection of a public street and a private access way shall have sides of 15 feet along the accessway and 25 feet along the public street. In order to minimize sight obstructions, no parking, wall, fence, sign, structure or any plant growth other than grasses shall be placed or maintained within the sight distance triangle so as not to impede vision between a height of two feet six inches, and ten feet above the center line grades of the intersecting streets and/or drives.

State means the State of Texas.

Structure means anything constructed or erected with a fixed location upon, under, or above the ground or attached to something having a fixed location on the ground.

Tavern means a place of business, which includes the sale of beer and wine beverages, but does not provide mixed drink liquor sales.

Telecommunications means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the content of the information as sent and received.

Top Cap is a horizontal element of a wood fence included to cover the top end of pickets and posts. A privacy fence with a top cap is commonly referred to as a cap and trim fence.

Tower or tower structure means a fixed, freestanding or guyed, uninhabitable structure, not designed as a shelter or to be occupied for any use. This definition includes, but is not limited to, any such structure supporting antennae that transmit or receive any portion of the electromagnetic spectrum of radio waves. The following are by way of example but not limitation, towers or tower structures: guyed or freestanding monopole structures, lattice or open framed structures, antennae sports, water towers, and other similar self-supporting, trussed, or open framed structures.

Zoning board of adjustment means a board appointed by the council that is responsible for certain zoning items, as provided in the zoning regulations and applicable state law.

Zoning official means the person appointed by council to administer and enforce the zoning regulations of the city.

Secs. 77-4—77-24. Reserved."

Section 3. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article II. – District Regulations, "Section 77-27. – Open single-family residential (O-SFR) district" to add a new subsection (f) to read and provide as follows:

Sec. 77-27. - Open-single-family residential (O-SFR) district.

…

(f) *Accessory Dwelling Unit* (ADU). One accessory dwelling unit is allowed if all the requirements of Sec. 77-37 are satisfied.

…

Section 4. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article II. – District Regulations, "Section 77-28. –Single-family residential (SFR) district" to add a new subsection (f) to read and provide as follows:

Sec. 77-28. - Single-family residential (SFR) district.

. . .

(f) *Accessory Dwelling Unit* (ADU). One accessory dwelling unit is allowed if all the requirements of Sec. 77-37 are satisfied.

. . .

Section 5. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by adding a new section 77-37 to Article II. – District Regulations, to read and provide as follows:

Sec. 77-37. [~~, 77-38~~. - ~~Reserved.~~] Accessory Dwelling Unit (ADU)

(a) Accessory Dwelling Units may be permitted within Open Single-family (O-SFR), Single-family (SF) Districts, and single-family districts within Planned Unit Developments unless specifically prohibited, provided all the following conditions are satisfied.

1. Occupancy: It shall be unlawful for the Accessory Dwelling Unit (ADU) to be leased or rented, whether compensation be direct or indirect.
2. Number: One Accessory Dwelling Unit is allowed in addition to an existing single-family home and other accessory structures.
3. Maximum size of an Accessory Dwelling Unit

    i. Open Single-Family (O-SFR) District and single-family residential lots one acre or greater.

1. A maximum of 650 square feet of conditioned space for any Accessory Dwelling Unit or twenty percent of the square-footage of the first story of the principal structure, the greater thereof.

ii. Single-family Residential (SFR) and single-family residential lots less than one-acre.

1. A maximum 650 square feet of conditioned space for any Accessory Dwelling Unit.
2. A maximum of 50 percent of the backyard area can be covered by buildings (area behind the principal residence to the rear of the property).

iii. A garage apartment proposed as a second-floor addition to a pre-existing garage which exceeds the square footage specified in this section are permitted to match the square footage of the footprint of the garage.

4. Maximum Height: Accessory Dwelling Units shall not exceed the top wall plate height of the principal structure. In the case of a garage apartment, the maximum height shall be 30 feet.
5. Setbacks: All Accessory Dwelling Units must satisfy the minimum setbacks for an accessory structure within the zoning district or planned unit development.
6. Utility Connection: An accessory dwelling shall not have separate meter services for gas, electricity or water and shall connect to the utilities of the primary structure.
7. Kitchen Facilities: An Accessory Dwelling Unit may include a kitchenette or cooking facilities.
8. Address: The address is the same as the principal residence.

(b) Drainage: All Accessory dwelling units shall satisfy the minimum requirements for flood damage prevention (Chapter 32) and all requirements from the Manvel Engineering Design Criteria Manual.

Sec. 77-38. - Reserved. ”

Section 6. The City council hereby finds that the Zoning Amendments are consistent with the City's comprehensive plan.

Section 7. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed $2,000.00. Each day of violation shall constitute a separate offense.

Section 8. Savings/Repealing Provision. All ordinances and parts of ordinances in conflict with this ordinance are repealed to the extent of the conflict only.

Section 9. Severability. If any provision of this ordinance shall be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this ordinance shall continue in full force and effect the same as if such invalid or unconstitutional provision had never been a part hereof.

Section 10. Effective Date. This ordinance takes effect immediately upon its passage and adoption on second reading and the publication of the caption, as required by the City Charter and state law.

PASSED AND APPROVED on first reading this __________ day of ____________________, 2024.

PASSED, APPROVED, AND ADOPTED on second and final reading this ______ day of ________, 2024.

Dan Davis, Mayor

ATTEST:

Tammy Bell, City Secretary

APPROVED AS TO FORM:

Robert Gervais, City Attorney

ORDINANCE NO. 2024-O-24

AN ORDINANCE OF THE CITY OF MANVEL, TEXAS AMENDING CHAPTER 77 - ZONING, OF THE CODE OF ORDINANCES, PROVIDING FOR THE REGULATION OF ACCESSORY DWELLING UNITS; PROVIDING FOR THE CREATION AND MODIFICATION OF DEFINITIONS RELATED TO THE REGULATION OF ACCESSORY DWELLING UNITS, SECTION 77-3, DEFINITIONS; PROVIDING FOR AMENDMENTS TO SECTION 77-27, OPEN SINGLE-FAMILY RESIDENTIAL (O-SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-28, SINGLE-FAMILY RESIDENTIAL (SFR) DISTRICT; PROVIDING FOR AMENDMENTS TO SECTION 77-37, BY ESTABLISHING A NEW SECTION 77-37 - ACCESSORY DWELLING UNIT (ADU); AND PROVIDING FOR SEVERABILITY; AND PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF.

* * * * * * * * *

WHEREAS, the City of Manvel, Texas ("City") is a home-rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and

WHEREAS, the City Council of the City of Manvel ("City Council") is empowered under the Texas Local Government Code to adopt ordinances and rules for the orderly and beneficial operation of City government and the welfare of the citizens of Manvel; and

WHEREAS, regulations related to accessory dwelling units are deemed to be necessary for the public health, safety, and welfare of the community as required by the City of Manvel Code of Ordinances; and

WHEREAS, the City Council desires to establish regulations for accessory dwelling units within the City.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANVEL, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct and incorporated herein for all purposes.

<u>Section 2.</u> Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article I, Section 77-3. "Definitions" to read and provide as follows:

"**<u>Chapter 77 - ZONING</u>**

ARTICLE I. IN GENERAL

. . .

Sec. 77-3. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. The word "building" shall include the meaning of the word "structure"; the word "lot" shall include the meaning of the word "plot"; and the term "used for" shall include the meaning of the terms "designed for" or "intended for."

<u>*Accessory dwelling unit (ADU)* means a secondary dwelling unit established in conjunction with, but clearly subordinate to, a single-family dwelling that is the principal structure on the lot and utilized solely by the owner of the lot. An ADU shall be utilized for the *family* (two or more persons related to the property owner by blood (within two degrees of consanguinity), marriage (within two degrees of affinity), adoption, or guardianship living together as a single housekeeping unit with a single kitchen facility) that resides in the principal structure. The ADU may be attached to the principal structure, or it may be a separate accessory structure or portion thereof on the same lot. An ADU may also be erected over, or in addition to, a normally permitted accessory structure. An accessory dwelling unit may include a kitchenette or cooking facilities [~~that do not include a full-size stove (30-inch in width or larger)~~]. For the purposes of this definition, mobile homes, manufactured homes, and recreational vehicles shall not be construed as an ADU.</u>

Accessory use means a use of a building or land which serves an incidental function to the principal use of a building, structure, or land.

Administratively complete application means any application containing all the required documents listed on any application in the appropriate format, the correct number of copies, paid fees, and any required signatures when submitted to the city, in a final form to be deemed complete for processing.

Adult day care means a group of individuals not necessarily related by blood, marriage, adoption, or guardianship living together in a dwelling unit as a single housekeeping management plan based on an intentionally structured relationship providing organization and stability.

Adult entertainment business shall have the same meaning as "sexually oriented business" as that term is defined in V.T.C.A., Local Government Code § 243.001 et seq., and shall include, but not be limited to, an adult arcade, adult bookstore or adult video store, adult cabaret, adult motel, adult motion picture theater, adult tanning salon, adult theater, escort agency, nude modeling studio, sexual encounter center, or any other commercial enterprise, the primary business of which is the offering of a service or the selling, renting, or exhibiting of devices or any other items intended to provide sexual stimulation or sexual gratification to the customer. Such uses shall be allowed only as specifically authorized under the terms of this article. The determination of what constitutes an adult entertainment business shall be made by the police chief or his designee, and such determination shall be appealable to the zoning board of adjustment.

Alley means minor ways that are used primarily for vehicle service access to the back or the side of properties otherwise abutting a street.

Americans with Disabilities Act means a law enacted in 1990, which is intended to make American society more accessible to persons with disabilities.

Apartments means a structure containing three or more dwelling units with common walls, including units that are located one over the other.

Applicant means any developer that submits an administratively complete application.

Attached Accessory Dwelling Unit means an independently functioning Accessory Dwelling Unit (ADU) that is attached to the principal structure, which includes an exterior point of access, bedroom, bathroom, and kitchenette.

Automobile/vehicle sales and rentals means a business which provides for the sale or rental of new or used automobiles and other vehicles, including automobiles, trailers, recreational vehicles, travel trailers, water craft and other similar land or water-form vehicles, but shall not include auto or motor vehicle repair work, except minor reconditioning of automobiles or motor vehicles to be displayed, sold or rented on the premises; provided, however, such term shall not include the sale or rental of salvaged parts, nor shall it include the storage of either new or used automobiles or motor vehicles that are not on display or for sale or rent.

Bar/lounge means a place of business whose revenues from mixed drink liquor service are more than 20 percent and whose revenues from food service are less than 80 percent of the total gross revenues of the establishment.

Building, accessory or structure means a structure detached from a principal building and located on the same lot and incidental and subordinate to the principal building or use.

City means the City of Manvel, Texas.

Community fence means a fence located at the perimeter of a residential neighborhood, visible to the public and maintained by a Home Owners Association or Municipal Utility District. Residential fences owned and maintained by an individual are not considered community fence.

Council means the city council of the city.

Corner lot side yard setback means the open space extending from the front yard to the rear yard and lying between the side lot line adjacent to the public right of way or easement and the closest point of the building or structure on a lot at the junction of and abutting two or more intersecting streets.

Detached Accessory Dwelling Unit means an Accessory Dwelling Unit (ADU) that is clearly subordinate to and detached from the principal structure.

Developer means any person or entity that develops land within the city. This term shall be synonymous with the term "subdivider" in cases where the subdivision of land is involved.

Development plat means a plan for a development project that is not part of and does not require the subdivision of property.

Family means two or more persons related to the property owner by blood (within two degrees of consanguinity), marriage (within two degrees of affinity), adoption, or guardianship living together as a single housekeeping unit with a single kitchen facility. The term "single kitchen facility" shall not exclude one outdoor kitchen facility and one accessory dwelling unit (ADU) with a kitchenette per single housekeeping unit with one kitchen.

Fence means a constructed vertical structure, barrier or partition of any material or combination of materials erected to enclose, screen, or separate outdoor areas, and which has no roof or overhead covering. A masonry wall with a foundation serving the purpose of enclosing, screening, or separating outdoor areas is considered a fence.

Front of building means the part of side which contains the principal entrance of the side adjacent to a public roadway.

Game-room means a business or commercial establishment or building or location wherein machines or apparatus may be played or operated by the insertion of a coin or slug and on which games or tests of skill, chance or ability are played, including pinball machines, and any machine initiating games of sport, shooting or guiding objects, or any machine designed for amusement or relaxation, but not including machines for vending food, drink and tobacco products, music playing or recording or apparatus commonly known as kiddie rides.

Garage means an accessory building or a part of a main building comprised of a minimum of 200 square feet, enclosed on all sides, with an overhead door, and capable of enclosing one or more vehicles.

Garage apartment means an accessory dwelling unit containing living facilities for not more than one (1) family, above a garage or carport.

Garage sales, also referred to by such names as "back yard sale," "yard sale," or "porch sale," shall mean a sale or an offer for sale of miscellaneous items to the general public, upon residential property not otherwise being used for commercial purposes (see section 77-33(c)).

Gross square feet means the entire floor area of a building, including uninhabitable space such as bathrooms, closets, halls, and similar areas.

Guest means a person or persons that are not related by blood (within two degrees of consanguinity), marriage, adoption, or guardianship, that resides on the premises for a period not to exceed one (1) calendar week.

[~~*Guest quarters* means an attached or detached building or secondary living area of residential use that provides living quarters for guest of the occupants of the principal residence, and:~~

~~(1) Contains no kitchen or cooking facility;~~

~~(2) Is clearly subordinate and incidental to the principal residence on the same building site; and~~

~~(3) Is not rented or leased, whether compensation be direct or indirect.~~]

Home business means a business operation that takes place in a home.

HUD-Code manufactured home means a structure constructed on or after June 15, 1976, according to the rules of the United States Department of Housing and Urban Development, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width and 40 body feet or more in length, or, when erected on-site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a single-family dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air conditioning, and electrical systems.

Kitchenette means a portion of a room intended for basic cooking and food preparation [~~, not to include a full-size stove (30-inch in width or larger~~)].

Legal nonconforming land use means a land use that lawfully existed immediately prior to the effective date of these regulations and not listed as a permitted use in the zoning district in which it is located.

Legal nonconforming structure means a structure that was lawfully existing prior to the effective date of these regulations, but as of the effective date of these regulations, the site of the use, the structure in which the use is situated, does not comply with these regulations.

Lot means a physically undivided tract or parcel of land having frontage on a public or private street, which is, or in the future may be offered for sale, conveyance, transfer or improvement, and which is designated as a separate and distinct tract and identified by numerical or letter identification on a duly and properly recorded subdivision plat.

Lot, tract, or parcel means a designated area of land established by a properly recorded subdivision plat or otherwise permitted by law to be separately owned, used, developed, or built upon.

Lot Line means the boundary of a lot separating it from an abutting lot.

Mobile home or manufactured home means a structure constructed before June 15, 1976, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width and 40 body feet or more in length, or, when erected on-site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a single-family dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air conditioning, and electrical systems.

Off-street parking means a concrete parking surface other than a street or alley accessible from an approved driveway approach and upon which vehicles may be parked.

Open-planned unit development plan means a development plan for a project located within the open-planned unit development district.

Parking aisle means the area of a parking lot or off-street parking area which provides vehicular access to parking spaces (stalls). The term "parking aisle" does not include the words "driveway" or "access point".

Parking space means an area designated for the parking of motor vehicles, and connected to an approved driveway approach, street, parking aisle, access easement, or other accessway.

Patio home/zero lot line home means a single-family home built on a separate lot with building setbacks on the front, rear and one side.

Planned unit development plan means a development plan for a project located within the planned unit development district.

Planning commission means a commission appointed by the council that is responsible for certain planning and zoning items, as provided in the zoning ordinance and applicable state law.

Plat means an instrument prepared by a registered professional land surveyor in conformity with the provisions of Chapter 62, Subdivisions, used to describe subdivided land, with ties to permanent landmarks or monuments, approved by the city or a governmental entity with jurisdiction of the land in accordance with V.T.C.A., Local Government Code § 212.023, and recorded in the Brazoria County Property Records.

Principal building or use means the primary use and chief purpose of a premises or building.

Restaurant means a place of business whose revenues from food sales are 80 percent or more and whose revenues for mixed drink liquor service are 20 percent or less.

Rot board means a horizontal board installed along the bottom of the fence panel which runs along the base of the entire fence panel for a finished look and added protection. Rot Boards are also commonly known as base-boards and kick-boards.

Setback means a minimum distance that is required from a lot line to a building or structure.

Single-family residence means a residence that is to be occupied by only one family.

Sight distance triangle means the triangle formed on any corner lot measured from the point of intersection of the front and exterior side lot lines a distance of 25 feet along said front and side lot lines and connecting the points so established to form a sight triangle on the area of the lot adjacent to the street intersections. Except for single-family residential accessways, a sight triangle at the intersection of a public street and a private access way shall have sides of 15 feet along the accessway and 25 feet along the public street. In order to minimize sight obstructions, no parking, wall, fence, sign, structure or any plant growth other than grasses shall be placed or maintained within the sight distance triangle so as not to impede vision between a height of two feet six inches, and ten feet above the center line grades of the intersecting streets and/or drives.

State means the State of Texas.

Structure means anything constructed or erected with a fixed location upon, under, or above the ground or attached to something having a fixed location on the ground.

Tavern means a place of business, which includes the sale of beer and wine beverages, but does not provide mixed drink liquor sales.

Telecommunications means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the content of the information as sent and received.

Top Cap is a horizontal element of a wood fence included to cover the top end of pickets and posts. A privacy fence with a top cap is commonly referred to as a cap and trim fence.

Tower or tower structure means a fixed, freestanding or guyed, uninhabitable structure, not designed as a shelter or to be occupied for any use. This definition includes, but is not limited to, any such structure supporting antennae that transmit or receive any portion of the electromagnetic spectrum of radio waves. The following are by way of example but not limitation, towers or tower structures: guyed or freestanding monopole structures, lattice or open framed structures, antennae sports, water towers, and other similar self-supporting, trussed, or open framed structures.

Zoning board of adjustment means a board appointed by the council that is responsible for certain zoning items, as provided in the zoning regulations and applicable state law.

Zoning official means the person appointed by council to administer and enforce the zoning regulations of the city.

Secs. 77-4—77-24. Reserved.”

<u>Section 3</u>. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article II. – District Regulations, “Section 77-27. – Open single-family residential (O-SFR) district” to add a new subsection (f) to read and provide as follows:

Sec. 77-27. - Open-single-family residential (O-SFR) district.

…

(f) *Accessory Dwelling Unit* (ADU). One accessory dwelling unit is allowed if all the requirements of Sec. 77-37 are satisfied.

…

Section 4. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by amending Article II. – District Regulations, "Section 77-28. –Single-family residential (SFR) district" to add a new subsection (f) to read and provide as follows:

Sec. 77-28. - Single-family residential (SFR) district.

. . .

(f) *Accessory Dwelling Unit* (ADU). One accessory dwelling unit is allowed if all the requirements of Sec. 77-37 are satisfied.

. . .

Section 5. Chapter 77 of the Code of Ordinances of the City of Manvel, and same also being the Zoning Ordinance of the City, is hereby amended by adding a new section 77-37 to Article II. – District Regulations, to read and provide as follows:

Sec. 77-37. [~~, 77-38~~. - ~~Reserved.~~] Accessory Dwelling Unit (ADU)

(a) Accessory Dwelling Units may be permitted within Open Single-family (O-SFR), Single-family (SF) Districts, and single-family districts within Planned Unit Developments unless specifically prohibited, provided all the following conditions are satisfied.

1. Occupancy: It shall be unlawful for the Accessory Dwelling Unit (ADU) to be leased or rented, whether compensation be direct or indirect.
2. Number: One Accessory Dwelling Unit is allowed in addition to an existing single-family home and other accessory structures.
3. Maximum size of an Accessory Dwelling Unit

    i. Open Single-Family (O-SFR) District and single-family residential lots one acre or greater.

1. A maximum of 650 square feet of conditioned space for any Accessory Dwelling Unit or twenty percent of the square-footage of the first story of the principal structure, the greater thereof.

ii. Single-family Residential (SFR) and single-family residential lots less than one-acre.

1. A maximum 650 square feet of conditioned space for any Accessory Dwelling Unit.
2. A maximum of 50 percent of the backyard area can be covered by buildings (area behind the principal residence to the rear of the property).

iii. A garage apartment proposed as a second-floor addition to a pre-existing garage which exceeds the square footage specified in this section are permitted to match the square footage of the footprint of the garage.

4. Maximum Height: Accessory Dwelling Units shall not exceed the top wall plate height of the principal structure. In the case of a garage apartment, the maximum height shall be 30 feet.
5. Setbacks: All Accessory Dwelling Units must satisfy the minimum setbacks for an accessory structure within the zoning district or planned unit development.
6. Utility Connection: An accessory dwelling shall not have separate meter services for gas, electricity or water and shall connect to the utilities of the primary structure.
7. Kitchen Facilities: An Accessory Dwelling Unit may include a kitchenette or cooking facilities [~~that do not include a full-size stove~~ (~~30-inch in width or larger~~)].
8. Address: The address is the same as the principal residence.

(b) Drainage: All Accessory dwelling units shall satisfy the minimum requirements for flood damage prevention (Chapter 32) and all requirements from the Manvel Engineering Design Criteria Manual.

Sec. 77-38. - Reserved. ”

Section 6. The City council hereby finds that the Zoning Amendments are consistent with the City's comprehensive plan.

Section 7. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed $2,000.00. Each day of violation shall constitute a separate offense.

Section 8. Savings/Repealing Provision. All ordinances and parts of ordinances in conflict with this ordinance are repealed to the extent of the conflict only.

Section 9. Severability. If any provision of this ordinance shall be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this ordinance shall continue in full force and effect the same as if such invalid or unconstitutional provision had never been a part hereof.

Section 10. Effective Date. This ordinance takes effect immediately upon its passage and adoption on second reading and the publication of the caption, as required by the City Charter and state law.

PASSED AND APPROVED on first reading this ___________ day of _____________________, 2024.

PASSED, APPROVED, AND ADOPTED on second and final reading this ______ day of _________, 2024.

Dan Davis, Mayor

ATTEST:

Tammy Bell, City Secretary

APPROVED AS TO FORM:

Robert Gervais, City Attorney

ORDINANCE NO. 2024-O-32

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF MANVEL, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANVEL.

Section 1. GRANT OF AUTHORITY. Subject to the terms, conditions and provisions of this ordinance, the right, privilege and franchise is hereby granted to CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, hereinafter called “Company,” to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the Public Rights-of-Way of the City of Manvel, Texas for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Manvel, as the same are now and as the same may from time to time be extended.

Section 2. DEFINITIONS.

A. “City” shall mean the City of Manvel, Texas.

B. “Company” shall mean CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, a Delaware Corporation, and shall not mean any of its affiliates and subsidiaries who shall have no right, privilege or franchise granted hereunder.

C. “Emergency Repair” means a repair or replacement needed because of a sudden unexpected occurrence, either the result of human or natural forces, necessitating immediate action to prevent or mitigate significant loss or damage to life, health, property, essential public services, or the environment.

D. “Facilities” shall mean pipes, pipelines, natural gas mains, laterals, feeders, regulators, meters, fixtures, connections and attachments and other instrumentalities and appurtenances, used in or incident to providing transportation, distribution, supply, and sales of natural gas for heating, lighting, power, and any other purposes for which natural gas may now or hereafter be used.

E. “Gross Receipts” shall mean all revenue derived or received, directly or indirectly, by the Company from or in connection with the operation of the Facilities within the corporate limits of the City and including, without limitation: all revenues received by the Company from the sale of gas to all classes of customers (excluding gas sold to another non-affiliate gas utility in the City for resale of gas to its customers within City) within the City;

"Gross receipts" shall not include:

(1) revenues billed but not ultimately collected or received by Company;
(2) contributions in aid of construction;
(3) the revenue of any affiliate or subsidiary of Company;
(4) sales taxes paid to the City;
(5) interest or investment income earned by Company; and
(6) monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Rights-of-Way.

F. "Public Rights-of-Way" shall mean the areas in, under, upon, over, across, and along any and all of the present and future Streets now or hereafter owned or controlled by City.

G. "Street" shall mean the surface and the space above and below any public street, road, highway, alley, bridge, sidewalk, or other public way.

Section 3. TERM OF FRANCHISE. This Franchise shall become effective on the Effective Date described in Section 20 and shall be in full force and effect for a maximum term of twenty (20) years. This franchise shall not be transferable except with the approval of the council expressed by ordinance following a public hearing, as required by section 9.04 of The City Charter.

Section 4. CONSTRUCTION AND MAINTENANCE OF NATURAL GAS DISTRIBUTION SYSTEM. (a) All Facilities installed by Company shall be of sound material and good quality, and shall be laid so that they will not interfere with the drainage of the City or its underground fixtures, or with navigation in or the natural drainage of any stream.

(b) All Facilities shall be installed in accordance with applicable Federal and State and City regulations and in the absence of such regulations in accordance with accepted industry practice. All Facilities shall be installed, placed, extended, repaired, laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Rights-of-Way, including but not limited to existing sewer, water, pipes, electricity, telephone wires, public or private drains, and any other facilities within the City and also including those utilities granted by franchise or permit by the City.

(c) Within the Public Rights-of-Way, the location and route of the Facilities by the Company shall be subject to the reasonable and proper regulation, direction and control of the City or the City official to whom such duties have been delegated, and city permitting requirements. Such regulation shall include, but not be limited to, the right to require in writing to the extent provided in Section 13 the relocation of Company's Facilities at Company's cost within the Public Rights-of-Way of the City whenever such relocation shall be reasonably necessary to accommodate the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities.

(d) If requested by City, Company shall provide current and up-to-date maps, in shapefile format, showing the physical location of Company's Facilities in Streets and Public

Rights-of-Way. All information provided by Company to City: (1) shall be considered confidential under Section 418.180 of the Texas Government Code; (2) shall be treated confidentially by the City; and (3) shall not be disclosed to a third party or publicly without express written consent from the Company, or unless City is required to disclose the information under the Public Information Act or the Freedom of Information Act, or subpoena.

Section 5. STREETS TO BE RESTORED TO GOOD CONDITION.

(a) Except for Emergency Repairs, Company and contractors performing work for Company must complete the City's permit application process prior to completing any work in the Public Rights-of-Way. For a permit application submitted by Company to construct non-standard System facilities in the Public Rights-of-Way, Company will provide the City with the engineering and design documentation concerning the planned construction work. All engineering and design documentation provided by Company to the City: (1) shall be considered confidential under Section 418.180 of the Texas Government Code; (2) shall be treated confidentially by the City; and (3) shall not be disclosed to a third party or publicly without express written consent from the Company, or unless City is required to disclose the information under the Public Information Act or the Freedom of Information Act. Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption. This Franchise shall constitute a permit for Company and contractors performing work for Company to park vehicles in the Streets and other Public Rights-of-Way when necessary for the installation, removal, operation or maintenance of Company's System. Company and contractors performing work for Company shall not be required to pay any permit fees or other fees in addition to the Annual Franchise Fee in order to perform work on Company's System or to park within the Streets and other Public Rights-of-Way.

For non-emergency repairs, Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption.

(b) No permit shall be required to initiate Emergency Repairs. However, Company shall give the City telephone and e-mail notice of the initiation of Emergency Repairs as soon as practicable under the circumstances, but no later than 24 hours after initiation of such work, and shall seek a permit pursuant to the City's Right-of-Way Management Ordinance following completion of the work. If in conducting such Emergency Repairs there is anticipated or actual blockage of traffic lanes on any roadway or in public school zones that will be longer than 15 minutes, Company shall give the City telephone and email notice immediately before initiation of such work, including, specifically, notice to the Manvel Police Department.

Section 6. QUALITY OF SERVICE. The service furnished hereunder to the City and its inhabitants shall be in accordance with the quality-of-service rules of the Railroad Commission of Texas, state and federal regulations. Company shall furnish the grade of service to its customers as provided by its rate schedules and shall maintain its system in reasonable operating condition during the continuance of this Franchise. An exception to this requirement is automatically in effect, but only for so long as is necessary, when caused by a shortage in materials, supplies and equipment beyond the control of the Company as a result of fires, strikes, riots, storms, floods and other casualties, governmental regulations, limitations and restrictions as to the use and availability of materials, supplies and equipment and as to the use of the services, and unforeseeable and unusual demands for service. In any of such events the Company shall do all things reasonably within its power to restore normal service as quickly as practicable.

Additionally, to ensure compliance with quality-of-service rules of the Railroad Commission and to establish defined service standards to the City of Manvel and its residents, Company shall:

- maintain a 24/7 call center phone line at 1-800-752-8036. Company shall notify the City of any changes to the call center number provided herein;

- maintain a regional office that ensures employees (or third-party contractors) of Company are able to respond within one-hour of an emergency;

- provide the City with direct point of contact for communication of any issues affecting the City and/or residents of the City related to Company's services and/or operations within the City;

- in the event of an emergency, notify the Brazoria County Emergency Services District No. 3, the City police department and/or designated City emergency management staff;

- provide the Brazoria County Emergency Services District No. 3, the City police department and/or designated City emergency management with details of Company's emergency management response plan.

Section 7. PAYMENT TO THE CITY. In consideration of the rights and privileges herein granted, the administration of the Franchise by the City, the temporary interference with the use of Public Rights-of-Way and cost and obligations undertaken by the city in relation thereto and in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the Streets, alleys, and public places of the City, and in lieu of any inspection fee, the Company agrees to pay to the City franchise fees in the amount and manner described herein.

Company agrees to pay to the City quarterly during the continuance of this Franchise a sum of money equal to four and one quarter percent (4.25%) of the Company's gross receipts for the preceding calendar quarter received by the Company from the sale of gas within the corporate limits of the City plus seven cents (7¢) per Mcf for natural gas transported by Company for its Transport Customers during such quarter. "Transport Customer" means any person or entity for whom Company transports gas through the distribution system of Company within the corporate limits of City for consumption within the corporate limits of City. The franchise fees hereunder shall be calculated for the calendar quarters ending March 31, June 30, September 30, and December 31 and shall be payable on or before the fifteenth day of May, August, November, and February following the quarter for which payment is made, beginning with the first such date following the Effective Date of this Franchise and each August 15th, November 15th, February

15th, and May 15th thereafter; provided, however, the first such payment shall be prorated as necessary to reflect only those gross receipts received and transportation volumes delivered by Company after the Effective Date of this Franchise. In no event shall the Company be required to remit to the City franchise fee amounts that for any reason whatsoever are not fully recoverable from its customers. Upon receipt of the above amount of money, the City Secretary shall deliver to the Company a receipt for such amount. If any payment due date required herein falls on a weekend or bank holiday, payment shall be made on or before the close of business of the first working day after the payment due date.

Section 8. ANNEXATIONS BY CITY. This Franchise shall extend to and include any and all territory that is annexed by the City during the term of this Franchise. Within sixty (60) days from the receipt of notice from the City of any such annexation, the Company shall assure that any and all customers within such annexed territory are included and shown on its accounting system as being within the corporate limits of the City of Manvel. After such sixty (60) day period the payment provisions specified in Section 7 of this Franchise shall apply to gross receipts and transport fees received by the Company from customers located within such annexed territory. Company shall true-up its map of City boundaries to the City's map on an annual basis.

Section 9. NON-EXCLUSIVE FRANCHISE. Nothing contained in this Franchise shall ever be construed as conferring upon the Company any exclusive rights or privileges of any nature whatsoever.

Section 10. COMPLIANCE AND REMEDIES. (a) In the event the Company by act or omission violates any material term, condition or provision of this Franchise, the City shall notify the Company in writing of such violation. Should the Company fail or refuse to correct any such violation within thirty (30) days from the date of City's notice, the City shall, upon written notification to the Company, have the right to terminate this agreement. Any such termination and cancellation shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, the Company must be given at least sixty (60) days' advance written notice. Such notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Company that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken and shall set forth the time, date, and place of the hearing.

(b) Other than its failure, refusal, or inability to pay its debts and obligations, including, specifically, the payments to the City required by this Franchise, the Company shall not be declared in default or be subject to any sanction under any provision of this Franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

(c) The rights and remedies of City and Company set forth herein shall be in addition to, and not in limitation of, any other rights and remedies provided at law or in equity and City's exercise of any particular remedy shall not constitute a waiver of its rights to exercise any other remedy.

Section 11. RESERVATION OF POWERS. Except as otherwise provided in this Franchise, the City by the granting of this Franchise does not surrender or to any extent lose, waive, impair or lessen the lawful powers, claims and rights, now or hereafter vested in the City under the Constitution and statutes of the State of Texas and under the Charter and Ordinances of the City of Manvel or other applicable law, to regulate public utilities within the City and to regulate the use of the Streets by the Company; and the Company by its acceptance of this Franchise agrees that, except as otherwise provided in this Franchise, all lawful powers and rights, whether regulatory or otherwise, as are or as may be from time to time vested in or reserved to the City, shall be in full force and effect and subject to the exercise thereof by the City at any time and from time to time.

SECTION 12. INDEMNITY. THE COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL PROTECT, DEFEND, AND HOLD THE CITY AND ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "THE CITY") HARMLESS AGAINST ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGES TO ANY PERSON OR PROPERTY BY REASON OF THE CONSTRUCTION AND MAINTENANCE OF THE COMPANY'S NATURAL GAS DISTRIBUTION SYSTEM, OR IN ANY WAY GROWING OUT OF THE RIGHTS GRANTED BY THIS FRANCHISE, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE OR NONFEASANCE OF THE COMPANY OR THE CONTRACTORS, AGENTS OR EMPLOYEES OF THE COMPANY OR ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO THE CITY ALL SUMS WHICH THE CITY MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH MAY ARISE OR GROW OUT OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED OR BY THE ABUSE THEREOF, AND THE COMPANY OR ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY, DEFEND, AND HOLD THE CITY HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION THAT MAY ACCRUE TO OR BE BROUGHT BY, A PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR OF THE ABUSE THEREOF.

Company shall, at its sole cost and expense, obtain, maintain, or cause to be maintained, and provide, throughout the term of this Franchise, insurance in the amounts, types and coverages in accordance with generally accepted industry standards for public utilities. Such insurance may be in the form of self-insurance to the extent permitted by applicable law. Company shall cover City as an additional insured.

Section 13. RELOCATION OF FACILITIES. The Company shall, upon written request of the City, relocate its Facilities within Public Rights-of-Way at Company's own expense, exclusive of Facilities installed for service directly to City, whenever such shall be reasonably necessary on account of the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. City shall bear the costs of all relocations of Facilities installed for service directly to City and of any relocation of other Facilities requested by City for reasons other than the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by the City of City utility lines or drainage facilities.

Section 14. GOVERNMENTAL FUNCTION. All of the regulations and activities required by this Franchise are hereby declared to be governmental and for the health, safety and welfare of the general public.

Section 15. RECORDS AND REPORTS. (a) Books of Account. The Company shall keep complete and accurate books of accounts and records of its business and operations under and in connection with this Franchise. All such books of accounts and records shall be kept at the company's principal office in Houston, Texas.

(b) Access by City. The City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the franchise fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than three (3) years before the commencement of such audit, inquiry, or pursuit of a cause of action. Each party shall bear its own costs of any such audit or inquiry. Upon receipt of a written request from the City, all books and records related to Company's operations under this Franchise shall be made available for inspection and copying no later than thirty (30) days from receipt of such request.

(c) Interest on Underpayments and Overpayments. (1) Amounts due to City for late payments shall include interest, compounded daily equal to the return on equity plus three percent (3%) granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. (2) If the City identifies, as a result of a franchise fee compliance review, amounts owed by the Company from prior periods or prior underpayments, then the Company shall pay simple interest on such amounts equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. Said interest shall be payable on such sums from the date the initial payment was due until it is paid and shall not be billed to customers. (3) Amounts due Company for past overpayments shall include simple interest equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City; provided, however, if there is a change in the approved return on equity during the time period subject to the City's audit or inquiry, then for each time period during which there was an overpayment, the approved return on equity in effect during such time period shall be used in calculating interest under this subparagraph (c). Interest payable on such sums shall be credited to customers.

Section 16. EASEMENT. If City abandons, sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company or occupied by Company's Facilities pursuant to this Franchise, City shall provide notice to Company of the requested abandonment in accordance with the City's abandonment policy. Company shall provide contact information for submission of application for the abandonment, and shall waive any fees associated with Company's review of the abandonment request.

Additionally, to the maximum extent of its ability and rights to do so, and upon request by Company, the City shall grant or retain for Company an easement for such use, or a utility easement, in connection with said abandonment. The abandonment, sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use and occupancy thereof by Company.

Section 17. ACCEPTANCE. Prior to final passage and approval of this Franchise by the City Council, the Company shall file with the City Secretary of the City of Manvel either: 1) a written statement signed in its name and behalf in the following form or 2) this document duly executed below by the Vice President of Regional Operations:

"To the Honorable Mayor: and City Council Members of the City of Manvel:

CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, its successors and assigns, hereby accepts the attached Franchise Ordinance, and agrees to be bound by all of its terms and provisions."

CENTERPOINT ENERGY RESOURCES CORP.,
DBA CENTERPOINT ENERGY TEXAS GAS
OPERATIONS

By: ______________________________
Nathan Brownell, Vice President, Texas Gas

Dated this ________day of________________ 2024.

Section 18. GOVERNING LAW AND SEVERABILITY. This Franchise shall be governed and construed according to the laws of the State of Texas excluding, however, any conflict of laws rule that would apply the law of another jurisdiction. If any provision, section, subsection, sentence, clause or phrase of this Franchise is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portions of this Franchise shall not be affected thereby, it being the intent the City of Manvel in adopting this Franchise that no portion hereof or provision hereof shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation and, to this end, all provisions of this ordinance are declared to be severable.

Section 19. NOTICES. Every notice, order, petition, documents or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

CenterPoint Energy Resources Corp.
Vice President, Regulatory Relations
PO Box 4567
Houston, TX 77210-4567

With a copy to:

Regulatory Legal
PO Box 2628
Houston, TX 77252-2628

Every such communication to the City or the City Council shall be sent to the:

City Manager
20031 Highway 6
Manvel, TX 77578

With a Copy to:

City Secretary
20031 Highway 6
Manvel, TX 77578

Section 20. PUBLICATION, PASSAGE, AND EFFECTIVE DATE. This Franchise, having been published, if required, shall take effect and be in force from and after the first day of the month following acceptance by both parties. The Company shall pay the cost of those publications.

Section 21. COMPLIANCE WITH CHARTER AND ORDINANCES. Company's operations and activities within the Public Rights-of-Way in the City shall be subject to all City ordinances, including the City's Right-of-Way Management Ordinance, and the City's Charter, unless otherwise in direct conflict with any federal or state laws or this Franchise. The City shall endeavor to provide Company with reasonable notice and opportunity to review and comment upon any new or revised City laws that impact Company's use of the Public Rights-of-Way, but the failure to do so shall not affect the applicability of such laws to Company to the extent such City laws are not in conflict with any federal or state laws or this Franchise. Nothing herein shall be deemed a waiver, release or relinquishment of any right by either party to contest, appeal, or file suit with respect to any action or decision of the other party.

The City Charter shall prevail over any conflicting term of this agreement, unless otherwise in conflict with any federal or state laws. Specifically, Company acknowledges the requirements of sections 9.04 and 9.05 of the City Charter below:

Sec. 9.04. - Transfer of franchise.

No utility franchise shall be transferable except with the approval of the council expressed by ordinance following a public hearing. The term "transferable" as used herein, shall not be construed in such a manner as to prevent the franchise holder from pledging said franchise as security for a valid debt or mortgage.

Sec. 9.05. - Right of franchise.

All grants, renewals, extensions, or amendments of utility franchises shall be subject to the following rights of the city:

(a) To repeal the same, by ordinance, at any time for failure to begin construction or operation within the time prescribed or otherwise to comply with the terms of the franchise, such power to be exercised only after due notice and hearing.

(b) To require an adequate extension of plant and service as is necessary to provide adequate service to the public, and maintenance of the plant and fixtures at the highest reasonable standard of efficiency.

(c) To require at any time compensation and rental for use of public streets, sidewalks, highways, bridges, alleys, and public places.

(d) To require the franchisee to locate, move, or remove its facilities when needed for the installation, maintenance or repair of city facilities.

(e) To require the franchisee to restore, at the franchisee's expense, all public or private property to a condition equally as good as or better than before disturbed by construction, repair or removal. The franchise holder in opening and refilling of all earth openings shall repair the pavement and do all other work necessary to complete restoration of streets, sidewalks or grounds to a condition equally as good or better as when disturbed.

(f) To require every franchisee to furnish to the city, in January of each year and without cost to the city, a general map, with updates outlining the location, character, size, length, and terminals of all facilities of such franchise in, over, and underground of property in the city and to provide detailed information on request in a format as specified by the city.

(g) To impose other regulations, requirements, and conditions as may be deemed necessary to promote the health, safety, welfare, or accommodation of the public and to ensure safe, efficient and continuous service to the public.

Section 22. CONSTITUTIONALITY. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Manvel, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

PASSED AND APPROVED on first reading this __________ day of __________________, 2024.

PASSED, APPROVED, AND ADOPTED on second and final reading this _____ day of ____________, 2024.

____

Dan Davis, Mayor

ATTEST:

____

Tammy Bell, City Secretary

APPROVED AS TO FORM:

____

Robert Gervais, City Attorney

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

I, the duly appointed, qualified and acting City Secretary of City of Manvel, Texas, do hereby certify that a public hearing on the above and foregoing ordinance was held on the ____ day of _____________ 2024, and the foregoing ordinance was read, passed and adopted on first reading at a regular meeting of the City Council of said City of Manvel, Texas, held on the _____ day of _______________, 2024 and on second reading at a regular meeting of the City Council of said City of Manvel, Texas, held on the ____________ day of ____________ 2024; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor Dan Davis and 6 City Council Members:

1. Keith Bonner, Councilmember Place 1
2. David Lands, Councilmember Place 2
3. Harry Opliger, Councilmember Place 3
4. Ed Perry, Councilmember Place 4
5. Crystal Sarmiento, Councilmember Place 5
6. Jerome Hudson, Councilmember Place 6

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Secretary; and that the same has been duly filed with the City Secretary and recorded by the City Secretary in full in the books for the purpose of recording the ordinances of the City of Manvel, Texas.

EXECUTED under my hand and the official seal of the City of Manvel, Texas, on this the ________day of _____________________, 2024.

____
Tammy Bell, City Secretary
City of Manvel, Texas

[SEAL]

ORDINANCE NO. 2024-O-32

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., DBA CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF MANVEL, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANVEL.

Section 1. GRANT OF AUTHORITY. Subject to the terms, conditions and provisions of this ordinance, the right, privilege and franchise is hereby granted to CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, hereinafter called "Company," to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the Public Rights-of-Way of the City of Manvel, Texas for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Manvel, as the same are now and as the same may from time to time be extended.

Section 2. DEFINITIONS.

A. "City" shall mean the City of Manvel, Texas.

B. "Company" shall mean CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, a Delaware Corporation, and shall not mean any of its affiliates and subsidiaries who shall have no right, privilege or franchise granted hereunder.

C. "Emergency Repair" means a repair or replacement needed because of a sudden unexpected occurrence, either the result of human or natural forces, necessitating immediate action to prevent or mitigate significant loss or damage to life, health, property, essential public services, or the environment.

D. "Facilities" shall mean pipes, pipelines, natural gas mains, laterals, feeders, regulators, meters, fixtures, connections and attachments and other instrumentalities and appurtenances, used in or incident to providing transportation, distribution, supply, and sales of natural gas for heating, lighting, power, and any other purposes for which natural gas may now or hereafter be used.

E. "Gross Receipts" shall mean all revenue derived or received, directly or indirectly, by the Company from or in connection with the operation of the Facilities within the corporate limits of the City and including, without limitation: all revenues received by the Company from the sale of gas to all classes of customers (excluding gas sold to another non-affiliate gas utility in the City for resale of gas to its customers within City) within the City;

"Gross receipts" shall not include:

(1) revenues billed but not ultimately collected or received by Company;
(2) contributions in aid of construction;
(3) the revenue of any affiliate or subsidiary of Company;
(4) sales taxes paid to the City;
(5) interest or investment income earned by Company; and
(6) monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Rights-of-Way.

F. "Public Rights-of-Way" shall mean the areas in, under, upon, over, across, and along any and all of the present and future Streets now or hereafter owned or controlled by City.

G. "Street" shall mean the surface and the space above and below any public street, road, highway, alley, bridge, sidewalk, or other public way.

Section 3. TERM OF FRANCHISE. This Franchise shall become effective on the Effective Date described in Section 20 and shall be in full force and effect for a maximum term of twenty (20) years. This franchise shall not be transferable except with the approval of the council expressed by ordinance following a public hearing, as required by section 9.04 of The City Charter.

Section 4. CONSTRUCTION AND MAINTENANCE OF NATURAL GAS DISTRIBUTION SYSTEM. (a) All Facilities installed by Company shall be of sound material and good quality, and shall be laid so that they will not interfere with the drainage of the City or its underground fixtures, or with navigation in or the natural drainage of any stream.

(b) All Facilities shall be installed in accordance with applicable Federal and State and City regulations and in the absence of such regulations in accordance with accepted industry practice. All Facilities shall be installed, placed, extended, repaired, laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Rights-of-Way, including but not limited to existing sewer, water, pipes, electricity, telephone wires, public or private drains, and any other facilities within the City and also including those utilities granted by franchise or permit by the City.

(c) Within the Public Rights-of-Way, the location and route of the Facilities by the Company shall be subject to the reasonable and proper regulation, direction and control of the City or the City official to whom such duties have been delegated, and city permitting requirements. Such regulation shall include, but not be limited to, the right to require in writing to the extent provided in Section 13 the relocation of Company's Facilities at Company's cost within the Public Rights-of-Way of the City whenever such relocation shall be reasonably necessary to accommodate the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities.

(d) If requested by City, Company shall provide current and up-to-date maps, in shapefile format, showing the physical location of Company's Facilities in Streets and Public Rights-of-Way. All information provided by Company to City: (1) shall be considered confidential under Section 418.180 of the Texas Government Code; (2) shall be treated confidentially by the City; and (3) shall not be disclosed to a third party or publicly without express written consent from the Company, or unless City is required to disclose the information under the Public Information Act or the Freedom of Information Act, or subpoena.

Section 5. STREETS TO BE RESTORED TO GOOD CONDITION.

(a) Except for Emergency Repairs, Company and contractors performing work for Company must complete the City's permit application process prior to completing any work in the Public Rights-of-Way. For a permit application submitted by Company to construct non-standard System facilities in the Public Rights-of-Way, Company will provide the City with the engineering and design documentation concerning the planned construction work. All engineering and design documentation provided by Company to the City: (1) shall be considered confidential under Section 418.180 of the Texas Government Code; (2) shall be treated confidentially by the City; and (3) shall not be disclosed to a third party or publicly without express written consent from the Company, or unless City is required to disclose the information under the Public Information Act or the Freedom of Information Act. Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption. This Franchise shall constitute a permit for Company and contractors performing work for Company to park vehicles in the Streets and other Public Rights-of-Way when necessary for the installation, removal, operation or maintenance of Company's System. Company and contractors performing work for Company shall not be required to pay any permit fees or other fees in addition to the Annual Franchise Fee in order to perform work on Company's System or to park within the Streets and other Public Rights-of-Way.

For non-emergency repairs, Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption.

(b) No permit shall be required to initiate Emergency Repairs. However, Company shall give the City telephone and e-mail notice of the initiation of Emergency Repairs as soon as practicable under the circumstances, but no later than 24 hours after initiation of such work, and shall seek a permit pursuant to the City's Right-of-Way Management Ordinance following completion of the work. If in conducting such Emergency Repairs there is anticipated or actual blockage of traffic lanes on any roadway or in public school zones that will be longer than 15 minutes, Company shall give the City telephone and email notice immediately before initiation of such work, including, specifically, notice to the Manvel Police Department.

Section 6. QUALITY OF SERVICE. The service furnished hereunder to the City and its inhabitants shall be in accordance with the quality-of-service rules of the Railroad Commission of

Texas, state and federal regulations. Company shall furnish the grade of service to its customers as provided by its rate schedules and shall maintain its system in reasonable operating condition during the continuance of this Franchise. An exception to this requirement is automatically in effect, but only for so long as is necessary, when caused by a shortage in materials, supplies and equipment beyond the control of the Company as a result of fires, strikes, riots, storms, floods and other casualties, governmental regulations, limitations and restrictions as to the use and availability of materials, supplies and equipment and as to the use of the services, and unforeseeable and unusual demands for service. In any of such events the Company shall do all things reasonably within its power to restore normal service as quickly as practicable.

Additionally, to ensure compliance with quality-of-service rules of the Railroad Commission and to establish defined service standards to the City of Manvel and its residents, Company shall:

- maintain a 24/7 call center phone line at 1-800-~~XXXXX~~752-8036. Company shall notify the City of any changes to the call center number provided herein;

- maintain a regional office that ensures employees (or third-party contractors) of Company are able to respond within one-hour of an emergency;

- provide the City with direct point of contact for communication of any issues affecting the City and/or residents of the City related to Company's services and/or operations within the City;

- in the event of an emergency, notify the Brazoria County Emergency Services District No. 3, the City police department and/or designated City emergency management staff;

- provide the Brazoria County Emergency Services District No. 3, the City police department and/or designated City emergency management with details of Company's emergency management response plan~~.]~~.

Section 7. PAYMENT TO THE CITY. In consideration of the rights and privileges herein granted, the administration of the Franchise by the City, the temporary interference with the use of Public Rights-of-Way and cost and obligations undertaken by the city in relation thereto and in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the Streets, alleys, and public places of the City, and in lieu of any inspection fee, the Company agrees to pay to the City franchise fees in the amount and manner described herein.

Company agrees to pay to the City quarterly during the continuance of this Franchise a sum of money equal to four and one quarter percent (4.25%) of the Company's gross receipts for the preceding calendar quarter received by the Company from the sale of gas within the corporate limits of the City plus seven cents (7¢) per Mcf for natural gas transported by Company for its Transport Customers during such quarter. "Transport Customer" means any person or entity for whom Company transports gas through the distribution system of Company within the corporate limits of City for consumption within the corporate limits of City. The franchise fees hereunder shall be calculated for the calendar quarters ending March 31, June 30, September 30, and December 31 and shall be payable on or before the fifteenth day of May, August, November, and

February following the quarter for which payment is made, beginning with the first such date following the Effective Date of this Franchise and each August 15th, November 15th, February 15th, and May 15th thereafter; provided, however, the first such payment shall be prorated as necessary to reflect only those gross receipts received and transportation volumes delivered by Company after the Effective Date of this Franchise. In no event shall the Company be required to remit to the City franchise fee amounts that for any reason whatsoever are not fully recoverable from its customers. Upon receipt of the above amount of money, the City Secretary shall deliver to the Company a receipt for such amount. If any payment due date required herein falls on a weekend or bank holiday, payment shall be made on or before the close of business of the first working day after the payment due date.

Section 8. ANNEXATIONS BY CITY. This Franchise shall extend to and include any and all territory that is annexed by the City during the term of this Franchise. Within sixty (60) days from the receipt of notice from the City of any such annexation, the Company shall assure that any and all customers within such annexed territory are included and shown on its accounting system as being within the corporate limits of the City of Manvel. After such sixty (60) day period the payment provisions specified in Section 7 of this Franchise shall apply to gross receipts and transport fees received by the Company from customers located within such annexed territory. Company shall true-up its map of City boundaries to the City's map on an annual basis.

Section 9. NON-EXCLUSIVE FRANCHISE. Nothing contained in this Franchise shall ever be construed as conferring upon the Company any exclusive rights or privileges of any nature whatsoever.

Section 10. COMPLIANCE AND REMEDIES. (a) In the event the Company by act or omission violates any material term, condition or provision of this Franchise, the City shall notify the Company in writing of such violation. Should the Company fail or refuse to correct any such violation within thirty (30) days from the date of City's notice, the City shall, upon written notification to the Company, have the right to terminate this agreement. Any such termination and cancellation shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, the Company must be given at least sixty (60) days' advance written notice. Such notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Company that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken and shall set forth the time, date, and place of the hearing.

(b) Other than its failure, refusal, or inability to pay its debts and obligations, including, specifically, the payments to the City required by this Franchise, the Company shall not be declared in default or be subject to any sanction under any provision of this Franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

(c) The rights and remedies of City and Company set forth herein shall be in addition to, and not in limitation of, any other rights and remedies provided at law or in equity and City's exercise of any particular remedy shall not constitute a waiver of its rights to exercise any other remedy.

Section 11. RESERVATION OF POWERS. Except as otherwise provided in this Franchise, the City by the granting of this Franchise does not surrender or to any extent lose, waive, impair or lessen the lawful powers, claims and rights, now or hereafter vested in the City under the Constitution and statutes of the State of Texas and under the Charter and Ordinances of the City of Manvel or other applicable law, to regulate public utilities within the City and to regulate the use of the Streets by the Company; and the Company by its acceptance of this Franchise agrees that, except as otherwise provided in this Franchise, all lawful powers and rights, whether regulatory or otherwise, as are or as may be from time to time vested in or reserved to the City, shall be in full force and effect and subject to the exercise thereof by the City at any time and from time to time.

SECTION 12. INDEMNITY. THE COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL PROTECT, DEFEND, AND HOLD THE CITY AND ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "THE CITY") HARMLESS AGAINST ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGES TO ANY PERSON OR PROPERTY BY REASON OF THE CONSTRUCTION AND MAINTENANCE OF THE COMPANY'S NATURAL GAS DISTRIBUTION SYSTEM, OR IN ANY WAY GROWING OUT OF THE RIGHTS GRANTED BY THIS FRANCHISE, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE OR NONFEASANCE OF THE COMPANY OR THE CONTRACTORS, AGENTS OR EMPLOYEES OF THE COMPANY OR ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO THE CITY ALL SUMS WHICH THE CITY MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH MAY ARISE OR GROW OUT OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED OR BY THE ABUSE THEREOF, AND THE COMPANY OR ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY, DEFEND, AND HOLD THE CITY HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION THAT MAY ACCRUE TO OR BE BROUGHT BY, A PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR OF THE ABUSE THEREOF.

Company shall, at its sole cost and expense, obtain, maintain, or cause to be maintained, and provide, throughout the term of this Franchise, insurance in the amounts, types and coverages in accordance with generally accepted industry standards for public utilities. Such insurance may be in the form of self-insurance to the extent permitted by applicable law. Company shall cover City as an additional insured.

Section 13. RELOCATION OF FACILITIES. The Company shall, upon written request of the City, relocate its Facilities within Public Rights-of-Way at Company's own expense, exclusive of Facilities installed for service directly to City, whenever such shall be reasonably necessary on account of the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. City shall bear the costs of all relocations of Facilities installed for service directly to City and of any relocation of other Facilities requested by City for reasons other than the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by the City of City utility lines or drainage facilities.

Section 14. GOVERNMENTAL FUNCTION. All of the regulations and activities required by this Franchise are hereby declared to be governmental and for the health, safety and welfare of the general public.

Section 15. RECORDS AND REPORTS. (a) Books of Account. The Company shall keep complete and accurate books of accounts and records of its business and operations under and in connection with this Franchise. All such books of accounts and records shall be kept at the company's principal office in Houston, Texas.

(b) Access by City. The City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the franchise fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than three (3) years before the commencement of such audit, inquiry, or pursuit of a cause of action. Each party shall bear its own costs of any such audit or inquiry. Upon receipt of a written request from the City, all books and records related to Company's operations under this Franchise shall be made available for inspection and copying no later than thirty (30) days from receipt of such request.

(c) Interest on Underpayments and Overpayments. (1) Amounts due to City for late payments shall include interest, compounded daily equal to the return on equity plus three percent (3%) granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. (2) If the City identifies, as a result of a franchise fee compliance review, amounts owed by the Company from prior periods or prior underpayments, then the Company shall pay simple interest on such amounts equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. Said interest shall be payable on such sums from the date the initial payment was due until it is paid and shall not be billed to customers. (3) Amounts due Company for past overpayments shall include simple interest equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City; provided, however, if there is a change in the approved return on equity during the time period subject to the City's audit or inquiry, then for each time period during which there was an overpayment, the approved return on equity in effect during such time period shall be used in calculating interest under this subparagraph (c). Interest payable on such sums shall be credited to customers.

Section 16. EASEMENT. If City abandons, sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company or occupied by Company's Facilities pursuant to this Franchise, City shall provide notice to Company of the requested abandonment in accordance with the City's abandonment policy. Company shall provide contact information for submission of application for the abandonment, and shall waive any fees associated with Company's review of the abandonment request.

Additionally, to the maximum extent of its ability and rights to do so, and upon request by Company, the City shall grant or retain for Company an easement for such use, or a utility easement, in connection with said abandonment. The abandonment, sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use and occupancy thereof by Company.

Section 17. ACCEPTANCE. Prior to final passage and approval of this Franchise by the City Council, the Company shall file with the City Secretary of the City of Manvel either: 1) a written statement signed in its name and behalf in the following form or 2) this document duly executed below by the Vice President of Regional Operations:

"To the Honorable Mayor: and City Council Members of the City of Manvel:

CenterPoint Energy Resources Corp., DBA CenterPoint Energy Texas Gas Operations, its successors and assigns, hereby accepts the attached Franchise Ordinance, and agrees to be bound by all of its terms and provisions."

CENTERPOINT ENERGY RESOURCES CORP.,
DBA CENTERPOINT ENERGY TEXAS GAS
OPERATIONS

By: ______________________________
Nathan Brownell, Vice President, Texas Gas

Dated this ________day of________________ 2024.

Section 18. GOVERNING LAW AND SEVERABILITY. This Franchise shall be governed and construed according to the laws of the State of Texas excluding, however, any conflict of laws rule that would apply the law of another jurisdiction. If any provision, section, subsection, sentence, clause or phrase of this Franchise is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portions of this Franchise shall not be affected thereby, it being the intent the City of Manvel in adopting this Franchise that no portion hereof or provision hereof shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation and, to this end, all provisions of this ordinance are declared to be severable.

Section 19. NOTICES. Every notice, order, petition, documents or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

CenterPoint Energy Resources Corp.
Vice President, Regulatory Relations
PO Box 4567
Houston, TX 77210-4567

With a copy to:

Regulatory Legal
PO Box 2628
Houston, TX 77252-2628

Every such communication to the City or the City Council shall be sent to the:

City Manager
20031 Highway 6
Manvel, TX 77578

With a Copy to:

City Secretary
20031 Highway 6
Manvel, TX 77578

Section 20. PUBLICATION, PASSAGE, AND EFFECTIVE DATE. This Franchise, having been published, if required, shall take effect and be in force from and after the first day of the month following acceptance by both parties. The Company shall pay the cost of those publications.

Section 21. COMPLIANCE WITH CHARTER AND ORDINANCES. Company's operations and activities within the Public Rights-of-Way in the City shall be subject to all City ordinances, including the City's Right-of-Way Management Ordinance, and the City's Charter, unless otherwise in direct conflict with any federal or state laws or this Franchise. The City shall endeavor to provide Company with reasonable notice and opportunity to review and comment upon any new or revised City laws that impact Company's use of the Public Rights-of-Way, but the failure to do so shall not affect the applicability of such laws to Company to the extent such City laws are not in conflict with any federal or state laws or this Franchise. Nothing herein shall be deemed a waiver, release or relinquishment of any right by either party to contest, appeal, or file suit with respect to any action or decision of the other party.

The City Charter shall prevail over any conflicting term of this agreement, unless otherwise in conflict with any federal or state laws. Specifically, Company acknowledges the requirements of sections 9.04 and 9.05 of the City Charter below:

Sec. 9.04. - Transfer of franchise.

No utility franchise shall be transferable except with the approval of the council expressed by ordinance following a public hearing. The term "transferable" as used herein, shall not be construed in such a manner as to prevent the franchise holder from pledging said franchise as security for a valid debt or mortgage.

Sec. 9.05. - Right of franchise.

All grants, renewals, extensions, or amendments of utility franchises shall be subject to the following rights of the city:

(a) To repeal the same, by ordinance, at any time for failure to begin construction or operation within the time prescribed or otherwise to comply with the terms of the franchise, such power to be exercised only after due notice and hearing.

(b) To require an adequate extension of plant and service as is necessary to provide adequate service to the public, and maintenance of the plant and fixtures at the highest reasonable standard of efficiency.

(c) To require at any time compensation and rental for use of public streets, sidewalks, highways, bridges, alleys, and public places.

(d) To require the franchisee to locate, move, or remove its facilities when needed for the installation, maintenance or repair of city facilities.

(e) To require the franchisee to restore, at the franchisee's expense, all public or private property to a condition equally as good as or better than before disturbed by construction, repair or removal. The franchise holder in opening and refilling of all earth openings shall repair the pavement and do all other work necessary to complete restoration of streets, sidewalks or grounds to a condition equally as good or better as when disturbed.

(f) To require every franchisee to furnish to the city, in January of each year and without cost to the city, a general map, with updates outlining the location, character, size, length, and terminals of all facilities of such franchise in, over, and underground of property in the city and to provide detailed information on request in a format as specified by the city.

(g) To impose other regulations, requirements, and conditions as may be deemed necessary to promote the health, safety, welfare, or accommodation of the public and to ensure safe, efficient and continuous service to the public.

Section 22. CONSTITUTIONALITY. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Manvel, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

PASSED AND APPROVED on first reading this ___________ day of ____________________, 2024.

PASSED, APPROVED, AND ADOPTED on second and final reading this ______ day of _____________, 2024.

____

Dan Davis, Mayor

ATTEST:

____

Tammy Bell, City Secretary

APPROVED AS TO FORM:

____

Robert Gervais, City Attorney

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

I, the duly appointed, qualified and acting City Secretary of City of Manvel, Texas, do hereby certify that a public hearing on the above and foregoing ordinance was held on the ____ day of _____________ 2024, and the foregoing ordinance was read, passed and adopted on first reading at a regular meeting of the City Council of said City of Manvel, Texas, held on the _____ day of _______________, 2024 and on second reading at a regular meeting of the City Council of said City of Manvel, Texas, held on the ____________ day of ____________ 2024; that written notice of the date, place and subject of said meeting was posted on a bulletin board located at a place convenient to the public in the City Hall for at least 72 hours preceding the day of said meeting; that the Mayor Dan Davis and 6 City Council Members:

1. Keith Bonner, Councilmember Place 1
2. David Lands, Councilmember Place 2
3. Harry Opliger, Councilmember Place 3
4. Ed Perry, Councilmember Place 4
5. Crystal Sarmiento, Councilmember Place 5
6. Jerome Hudson, Councilmember Place 6

were present at said meeting and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Secretary; and that the same has been duly filed with the City Secretary and recorded by the City Secretary in full in the books for the purpose of recording the ordinances of the City of Manvel, Texas.

EXECUTED under my hand and the official seal of the City of Manvel, Texas, on this the ________day of _____________________, 2024.

____
Tammy Bell, City Secretary
City of Manvel, Texas

[SEAL]

ORDINANCE NO. 2024-O-33

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE AND FRANCHISE TO USE THE PUBLIC RIGHTS-OF-WAY WITHIN THE CITY OF MANVEL, TEXAS FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE COMPANY'S ELECTRIC UTILITY FACILITIES TO CONDUCT AN ELECTRIC DELIVERY BUSINESS WITHIN THE CITY OF MANVEL, TEXAS.

* * * * * *

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MANVEL, TEXAS:

Section 1. Definitions. The following capitalized terms have the following respective definitions:

Annual Adjustment Factor has the meaning set forth in *Section 12* below.

Annual Franchise Fee has the meaning set forth in *Section 12* below.

Base Franchise Fee means $430,714.61, which represents the total annual franchise fee paid by Company to City for 2023.

Base kWh means 140,853,813 kWh, which represents the total kWh delivered by Company within the Franchise Area (inclusive of street lighting) in 2023.

Charter means the home-rule charter adopted by the voters of the City of Manvel in 2011, as amended.

City means the City of MANVEL, Texas, a home-rule municipal corporation of the State of Texas.

City Council means the governing body of the City.

Company means CenterPoint Energy Houston Electric, LLC, a Texas limited liability company or its lawful successors or assigns.

Effective Date means the date on which this Franchise becomes effective.

Emergency Repair means a repair needed because of a sudden unexpected occurrence, either the result of human or natural forces, necessitating immediate action to prevent or mitigate significant loss or damage to life, health, property, essential public services, or the environment.

Franchise means this Ordinance and the rights and privileges granted by this Ordinance.

Franchise Year means the twelve-month period commencing each July 1 during the term of this Franchise following the Initial Franchise Period.

Franchise Area means the area within the boundaries of the City as of the Effective Date and as same may change from time to time during the term of this Franchise.

Initial Franchise Period means the period beginning on the first day of the month immediately following the Effective Date and continuing through the first June 30 following the Effective Date.

Person means any individual, firm, partnership, association, corporation, company or organization of any kind.

Public Rights-of-Way means the surface of, and the space above and below any and all present and future public Streets, viaducts, utility easements, and all other public roadways within the City, and any highways, county roads, or other public roadways for which the City has an agreement or contract to control, regulate, or maintain, as they now exist or may be hereafter constructed, or extended within the corporate limits of the City.

PUC means the Public Utility Commission of Texas or its successor agency with equivalent jurisdiction.

Street means the surface and the space above and below any public street, avenue, road, highway, alley, drive, boulevard, lane, bridge, sidewalk, or way.

System means the Company's facilities erected, constructed, maintained, operated, used, extended, removed, replaced, and repaired, as necessary, by Company within the Franchise Area to provide Utility Service, including without limitation, all poles, pole lines, towers, transmission lines, wires, guys, conduits, cables, and other desirable instrumentalities and appurtenances (including telegraph and telephone poles and wires for use of Company), necessary and proper for the purpose of transmitting and distributing electricity to the City, the City's inhabitants, and other Persons for any purpose for which electricity may be used.

Utility Service means any goods or services that Company offers or makes available pursuant to its PUC-approved tariff or is otherwise authorized by the PUC or state law to offer or make available, to any Person, involving electric power distribution and transmission services.

Section 2. Grant of Franchise. Subject to the terms, conditions and provisions of this Franchise, City hereby grants to Company, and its successors and assigns, the non-exclusive right, privilege, and franchise to use and occupy the Public Rights-of-Way to construct, maintain, operate, use and license the System to provide Utility Service to the City, its inhabitants and other Persons. This franchise shall not be transferable except with the approval of the council expressed by ordinance following a public hearing, as required by section 9.04 of The City Charter. A transfer shall not include the transfer of this franchise to consummate a corporate reorganization.

All of the regulations required by this Franchise are hereby declared to be governmental and for the health, safety, and welfare of the general public.

All extensions of Company's System within the city limits shall become a part of the aggregate property of Company, shall operate as such, and shall be subject to all the obligations and reserved rights contained in this Franchise. The right to use and maintain any such extension shall terminate at the same time and under the same condition with this Franchise.

Section 3. Term of Franchise. This Franchise shall remain in full force and effect for an initial term of twenty (20) years from and after the Effective Date and shall thereafter automatically renew for successive one-year terms unless terminated by Company or City by written notice delivered at least 90 days prior to the expiration of the initial or any succeeding term. Upon the Effective Date, this Franchise replaces and supersedes in its entirety any franchise granted by City to Company prior to the Effective Date.

Section 4. Permits.

(a) Except for Emergency Repairs, Company and contractors performing work for Company must complete the City's permit application process prior to completing any work in the Public Rights-of-Way. For a permit application submitted by Company to construct System facilities in the Public Rights-of-Way, Company will provide the City with the engineering and design documentation concerning the planned construction work.

All engineering and design documentation provided by Company to the City:

(1) shall be considered confidential under Section 418.180 of the Texas Government Code;

(2) shall be treated confidentially by the City; and

(3) shall not be disclosed to a third party or publicly without express written consent from the Company, or unless City is required to disclose the information under the Public Information Act or the Freedom of Information Act, or subpoena.

Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption.

This Franchise shall constitute a permit to park vehicles in the Streets and other Public Rights-of-Way when necessary for the installation, removal, operation or maintenance of Company's System. Company and contractors performing work for Company shall not be required to pay any permit fees or other fees in addition to the Annual Franchise Fee in order to perform work on Company's System or to park within the Streets and other Public Rights-of-Way.

Except for Emergency Repairs, Company shall comply with all valid City ordinances governing time periods and standards relating to excavation work and pavement cuts in the Public Rights-of-Way and shall cooperate with City to avoid unreasonable traffic and pedestrian disruption.

(b) No permit shall be required to initiate Emergency Repairs. However, Company shall give the City telephone or e-mail notice of the initiation of Emergency Repairs as soon as practicable under the circumstances and shall seek a permit pursuant to the City's Right-of-Way Management Ordinance following completion of the work. If in conducting such emergency repair work there is anticipated or actual blockage of traffic lanes on any roadway or in public school zones that will be longer than 15 minutes, Company shall give the City telephone and email notice immediately before initiation of such work. The notice requirement in this Section 4 for Emergency Repairs is not applicable to Emergency Repairs due to an event that causes a widespread outage on Company's System.

<u>Section 5</u>. <u>City Regulation</u>. Within the Streets or other Public Rights-of-Way of City, the location and route of all System poles, stubs, guys, anchors, lines, conduits and cables placed or constructed by Company shall be subject to the reasonable and proper regulation, control and direction of City or of any City official to whom such duties have or may be duly delegated, which regulation and control shall include, but not by way of limitation, the right to require the relocation or modification of System facilities located within Public Rights-of-Way to the extent provided in <u>*Section 6*</u>.

<u>Section 6</u>. <u>Relocation Requests</u>. Company shall, if requested by City in writing, relocate System facilities within Public Rights-of-Way at Company's own expense, exclusive of street lighting facilities and facilities installed to provide Utility Service directly to City, to the extent such relocation is reasonably necessary to accommodate a city public improvement project. City shall bear the costs of all relocations City requested relocations of System facilities installed for service directly to City and of any City requested relocation of System facilities for reasons other than to accommodate a public improvement project. City acknowledges that any relocations or modifications of System facilities may affect the safety and reliability of Utility Service, and City agrees to consult with Company on any such relocation or modification before making such requests.

<u>Section 7</u>. <u>Pole Bracings</u>. Company shall pay for the bracing of System utility poles located within Public Rights-of-Way if such bracing is reasonably necessary to accommodate projects such as water and sewer repair and maintenance. Except in the event of an Emergency, City shall give Company at least seven days' notice when City or City's contractor requires the bracing of System utility poles.

<u>Section 8</u>. <u>Construction Standards</u>. All System poles and facilities erected by Company in the Franchise Area pursuant to the authority herein granted shall be erected, placed, extended, repaired, laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Rights-of-Way, including but not limited to existing sewer, water, pipes, electricity, telephone wires, public or private drains, and any other facilities within the City and also including those utilities granted by franchise or permit by the City.

Company shall construct, operate, and maintain its System within the Franchise Area in substantial accordance with Company's own service standards and the National Electrical Safety Code ("NESC"), and all applicable laws, statutes, codes, and standards. Company shall determine the specific location and the method of construction and types of materials used in building, maintaining, and operating Company's transmission and distribution facilities. City shall require its employees and contractors performing work for the benefit of City to comply with all applicable laws, statutes, codes and standards (including, without limitation, Chapter 752 of the Texas Health and Safety Code, as the same may be amended or replaced, and the NESC) when working near Company's System and to report as soon as practicable any damage done to Company's System. Company also agrees to require its employees and contractors performing work for the benefit of City to comply with all applicable laws, statutes, codes and standards (including, without limitation, Chapter 752 of the Texas Health and Safety Code, as the same may be amended or replaced, and the NESC) when working near City's facilities and to report as soon as practicable any damage done to City's facilities.

If requested by City, Company shall provide current and up-to-date maps, in shapefile format, showing the physical location of Company's System and provide to the City in January of each year at no cost to the City, including "as-built" information after the installation, removal or relocation of any facilities in a City Right-of-Way. City acknowledges that the Company's System constitutes critical infrastructure as defined in Tex. Gov't Code § 421.001(2) and that such information provided by Company to City is confidential under Tex. Gov't Code § 418.181. City is statutorily responsible for maintaining and protecting all such information as confidential.

Section 9. Repair and Restoration of Worksite. Following completion of System work in Public Rights-of-Way, Company shall repair and restore the affected Public Rights-of-Way to as good a condition as before the commencement of the work as soon as reasonably possible, but in all cases shall comply with all valid City ordinances governing time periods and standards relating to excavating in the Public Rights-of-Way. No Street or other Public Right-of-Way shall be encumbered by System construction, maintenance or removal work for a longer period than shall be necessary to execute such work.

Section 10. Quality of Service. The Utility Service furnished hereunder to City and its inhabitants shall be first-class in all respects, considering all circumstances, and Company shall furnish the grade of service to retail customers as prescribed by applicable PUC rules and Company's PUC-approved tariff. Company shall maintain its System in reasonable operating condition during the continuance of this Franchise.

Section 11. City Conveyance of Public Right-of-Way. If City abandons, sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company or occupied by System facilities pursuant to this Franchise, City shall provide notice to Company of the requested abandonment in accordance with the City's abandonment policy. To the maximum extent of its rights to do so, City shall grant or retain for Company an easement for such use, or a utility easement, in connection with said abandonment. The abandonment, sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use and occupancy thereof by Company.

Section 12. Franchise Fee. In consideration for the rights and privileges herein granted, Company agrees to pay to City during the term of this Franchise an annual franchise fee (referred to herein as the "Annual Franchise Fee") in an amount calculated as herein set out.

The Annual Franchise Fee shall be calculated as follows:

1. The Annual Franchise Fee for the Initial Franchise Period shall be (a) the product of (i) the quotient of the Base Franchise Fee divided by 12, multiplied by (ii) the number of months in the Initial Franchise Period, minus (b) the amount of the "Municipal Account Franchise Credit" provided to City under Company's tariff during the prior calendar year.

2. The Annual Franchise Fee for each succeeding Franchise Year shall be (a) the greater of (i) the Base Franchise Fee or (ii) the product of the Base Franchise Fee multiplied by the Annual Adjustment Factor applicable to that Franchise Year, minus (b) the amount of the "Municipal Account Franchise Credit" provided to City under Company's PUC-approved tariff during the prior calendar year. The "Annual Adjustment Factor" applicable to each Franchise Year is a fraction, the numerator of which is the total kWh delivered by Company within the Franchise Area (inclusive

of street lighting) in the previous calendar year, and the denominator of which is the Base kWh.

By no later than April 1, Company shall calculate the Annual Franchise Fee for the next Franchise Year and shall provide the same along with the basis for such calculation to City for its review. If Company does not receive an objection from City by May 31, the calculated Annual Franchise Fee will become effective on July 1. The Annual Franchise Fee shall be payable in equal monthly installments due the first day of each month of the Franchise Year. If the term of this Franchise ends on any day other than the last day of the last Franchise Year, then the Annual Franchise Fee for the final Franchise Year shall be prorated accordingly.

Section 13. Franchise Fee Recovery. The parties agree that the franchise payments due under this Franchise are reasonable and necessary and that the parties shall use their best efforts to enable Company to recover these payments through its PUC-approved rates. If, as the result of a final and non-appealable order issued by the PUC, all or a portion of the then-effective Annual Franchise Fee is expressly found to be unreasonable or is otherwise expressly rejected or disallowed by the PUC, City reserves the right to renegotiate the terms of this agreement with Company as necessary; provided, however, until such an agreement is reached, Company shall be permitted to reduce the Annual Franchise Fee owed under this Franchise by the amount, if any, found by the PUC in such order to be unreasonable.

Section 14. Total Compensation. Except as otherwise set forth in *Section 15*, payment of the Annual Franchise Fee shall be the total compensation payable to City in consideration for the right, privilege and franchise herein conferred by City to Company to use of the Public Rights-of-Way to construct, operate, use and maintain the System for the provision of Utility Service. City shall not charge any additional license, charge, fee, street or alley rental, or other character of charge or levy for the use or occupancy of the Public Rights-of-Way in City, or any pole tax or inspection fee tax.

Section 15. City Use of System Facilities. Company shall furnish to City, free of charge, such pole and/or duct space as may be required from time to time for the installation of City-owned traffic, police and fire alarm system conductors; provided such conductor space does not exceed the available capacity on any one existing pole or in one existing interior duct. Company shall allow for the expanded use of existing energized conductors by City for the purposes of providing traffic signal communication interconnectivity with prior written approval from Company. The specific location for these traffic, police and fire alarm conductors on Company poles or ducts shall be determined by Company and shall be allotted at the time specific applications for space are received from City. All City traffic, police and fire alarm circuits on Company poles and ducts shall be designed and installed, operated and maintained in compliance with the applicable provisions of the NESC and other laws, statutes, codes and ordinances applicable to private parties and so as to create no interference, corrosion, harm, damage or hazard with, to or from Company's System or Company's business. All plans for such city traffic, police and fire alarm circuits must be submitted for Company's written approval prior to installation. Any modifications to Company's System necessary to accommodate such installation shall be paid by City. If, after installation, City's equipment is found to interfere with Company's System or business, Company and City shall work together to address the problem and, if deemed practical by Company, preserve City's access. Where main underground duct lines are located between manholes, Company shall permit free of charge the installation in one interior duct by City of its traffic, police or fire alarm signal cables; provided space is available in an interior duct not suitable for power circuits without interference with Company's system neutral conductors. All cables installed by City in Company ducts shall be of the non-metallic sheath type to prevent corrosive or electrolytic action between City and Company owned cables. A request for duct assignment shall in each instance be submitted to Company and a sketch showing duct allocation shall be received from Company prior to the installation of City cables in Company-owned duct lines. All City-owned conductors and cables, whether on poles or in duct lines, shall be constructed, maintained and operated in such manner as to not interfere with or create a hazard in the operation of Company's System or Company's business. If after installation, City's equipment is found to interfere with Company's System or business, Company and City shall work together to address the problem and, if deemed practical by Company, preserve City's access.

Company shall also permit City to use, free of charge, extra space on its street light poles to install City-owned traffic control signs and decorative banners, with prior written approval from Company and provided that such use is consistent with the NESC and other applicable engineering and operational codes and standards. Company shall provide contact information for City to request said approval.

Notwithstanding any other provision in this Franchise, Company shall not be responsible to any party or parties whatsoever for any claims, demands, losses, suits, judgments for damages or injuries to Persons or property by reason of the construction, maintenance, inspection or use of the traffic signal light systems, police and fire alarm systems, traffic control signs, or decorative banners belonging to City and constructed upon Company's poles or street light poles or in its ducts, but City does not, by this agreement, admit primary liability to any third party by reason of City's operation and use of such traffic signal light systems, police and fire alarm systems, traffic control signs, or decorative banners, such being a function of government.

Section 16. Audits. City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the Annual Franchise Fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than two (2) years before commencement of such audit, inquiry, or pursuit of a cause of action. City shall bear the costs of any such audit or inquiry. All books and records related to Company's operations under this Franchise shall be available to City. Upon receipt of a written request from City, such documents shall be made available for inspection and copying no later than thirty (30) days from the receipt of such request. Amounts due to City for past underpayments or amounts due Company for past overpayments shall include interest calculated using the annual interest rates for overcharges as set by the PUC. Said interest shall be payable on such sum from the date the initial payment was due until it is paid.

Section 17. Waiver. The parties agree to waive any and all claims, asserted or unasserted, arising out of any prior franchises.

Section 18. Interpretation. Nothing contained in this Franchise shall ever be construed as conferring upon Company any exclusive rights or privileges of any nature whatsoever.

Section 19. Survival of Terms. If any term or other provision of the Franchise is determined by a non-appealable decision by a court, administrative agency, or arbitrator to be invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of the Franchise shall nevertheless remain in full force and effect so long as the economic or legal substance is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties shall negotiate in good faith to modify the Franchise so as to affect the original intent of the parties as closely as possible.

SECTION 20. Indemnity. ***COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL FULLY INDEMNIFY, DEFEND, AND SAVE HARMLESS CITY FROM ANY AND ALL DAMAGES, LOSSES, OR CAUSES OF ACTION ARISING IN WHOLE OR IN PART FROM COMPANY'S EXERCISE OF ANY OF ITS RIGHTS, PRIVILEGES, FRANCHISES AND OBLIGATIONS HEREUNDER, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE, OR NONFEASANCE OF THE CONTRACTORS, AGENTS, OR EMPLOYEES OF THE COMPANY, ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO CITY ALL SUMS WHICH IT MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH MAY ARISE OR GROW OUT OF THE EXERCISE OF RIGHTS AND PRIVILEGES HEREBY GRANTED, OR BY THE ABUSE THEREOF. COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL INDEMNIFY AND HOLD CITY HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION, TO THE EXTENT PERMITTED UNDER TEXAS LAW, THAT MAY ACCRUE TO OR BE BROUGHT BY ANY PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR THE ABUSE THEREOF. NOTWITHSTANDING THE FOREGOING, NEITHER COMPANY NOR ITS SUCCESSORS AND ASSIGNS SHALL BE LIABLE FOR, OR BE REQUIRED TO INDEMNIFY CITY AGAINST, ANY DAMAGES, LOSSES, OR CLAIMS ARISING OUT OF THE CITY'S SOLE NEGLIGENCE OR ACTIONS.***

IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH COMPANY AND CITY, RESPONSIBILITY AND INDEMNITY, TO THE EXTENT ALLOWED BY LAW, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY OF THE DEFENSES OF THE PARTIES UNDER TEXAS LAW. IT IS UNDERSTOOD THAT IT IS NOT THE INTENTION OF THE PARTIES HERETO TO CREATE LIABILITY FOR THE BENEFIT OF THIRD PARTIES, BUT THAT THIS SECTION SHALL BE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND SHALL NOT CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY PERSON OR ENTITY.

Section 21. Insurance. Company shall, at its sole cost and expense, obtain, maintain, or cause to be maintained, and provide, throughout the term of this Franchise, insurance in the amounts, types and coverages in accordance with generally accepted industry standards for public utilities. Such insurance may be in the form of self-insurance to the extent permitted by applicable law. Excepting Workers' Compensation and Employer's Liability insurance, Company shall cover City as an additional insured.

Section 22. Default, Remedies, and Termination

A. Events of Default. The occurrence, at any time during the term of the Franchise Agreement, of any one or more of the following events, shall constitute an Event of Default by Company under this Franchise:

1. The failure of Company to pay the franchise fee on or before the due dates specified herein.

2. Company's material breach or material violation of any material terms, covenants, representations or warranties contained herein.

B. Uncured Events of Default.

1. Upon the occurrence of an Event of Default which can be cured by the immediate payment of money to City, Company shall have thirty (30) calendar days from receipt of written notice from City of an occurrence of such Event of Default to cure same before City may exercise any of its rights or remedies provided for in Section 23.C.

2. Upon the occurrence of an Event of Default by Company which cannot be cured by the immediate payment of money to City, Company shall have sixty (60) calendar days (or such additional time as may be agreed to by the City) from receipt of written notice from City of an occurrence of such Event of Default to cure same before City may exercise any of its rights or remedies provided for in Section 23.C.

3. If the Event of Default is not cured within the time period allowed for curing the Event of Default as provided for herein, such Event of Default shall, without additional notice, become an Uncured Event of Default, which shall entitle City to exercise the remedies provided for in Section 23.C.

C. Remedies. The City shall notify the Company in writing of an alleged Uncured Event of Default as described in Section 23.B, which notice shall specify the alleged failure with reasonable particularity. The Company shall, within thirty (30) business days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or in a written response to the City either present facts and arguments in refuting or defending such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure. In the event that such cure is not forthcoming, City shall be entitled to exercise any and all of the following cumulative remedies:

1. The commencement of an action against Company at law for monetary damages.

2. The commencement of an action in equity seeking injunctive relief or the specific performance of any of the provisions that as a matter of equity, are specifically enforceable.

3. The commencement of proceedings to seek revocation of Company's certificate of convenience and necessity to serve any or all of Company's service area located within the City.

4. The termination of this Franchise.

D. Remedies Cumulative. The rights and remedies of City and Company set forth in this Franchise Agreement shall be in addition to, and not in limitation of, any other rights and remedies provided by law or in equity. City and Company understand and intend that such remedies shall be cumulative to the maximum extent permitted by law and the exercise by City of any one or more of such remedies shall not preclude the exercise by City, at the same or different times, of any other such remedies for the same failure to cure.

E. Termination. In accordance with the provisions of Section 22.C, this Franchise may be terminated upon thirty (30) business days' prior written notice to Company by City. City shall notify Company in writing at least fifteen (15) business days in advance of the City Council meeting at which the question of forfeiture or termination shall be considered, and Company shall have the right to appear before the City Council in person or by counsel and raise any objections or defenses Company may have that are relevant to the proposed forfeiture or termination. Until the termination becomes effective the provisions of this Franchise shall remain in effect for all purposes. The City recognizes Company's right and obligation to provide service in accordance with the Certificate of Convenience and Necessity authorized by the Public Utility Commission of Texas in accordance with the Texas Utilities Code.

F. No Waiver. The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the terms or provisions of this Franchise shall not be construed as a waiver or relinquishment for the future of any such term or provision, and the same shall continue in full force and effect, subject to applicable statute of limitations. No waiver or relinquishment shall be deemed to have been made by either party unless said waiver or relinquishment is in writing and signed by that party.

Section 23. Reservation of Rights. It is understood that the power vested by law in City to regulate all public utilities within City, and to regulate the local rates of public utilities within City within the limits of the Constitution and laws, and to require all persons or corporations to discharge the duties and undertakings, for the performance of which this Franchise was made, is reserved by City, subject to the terms and conditions of this Franchise. City, by the granting of this Franchise, does not surrender, lose, waive, impair, lessen or increase the lawful powers and rights and duties, now or hereafter vested in and imposed on City under the PURA and other applicable laws with respect to City's regulation of Company and its rates and services.

Section 24. Company Acceptance of Franchise. Within 30 days following the final passage and approval of this ordinance, the Company shall file with the City Manager a written statement in the following form signed in its name and behalf:

"To the Honorable Mayor and the City Council of the City of MANVEL, Texas:

For itself, its successors and assigns, CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, hereby accepts the attached ordinance and agrees to be bound by all of its terms, conditions and provisions."

CENTERPOINT ENERGY HOUSTON
ELECTRIC, LLC

By: ___________________________________

Name:

Title:

"Dated this the __________ day of ________________, _______."

Section 25. Notice. Every notice, order, petition, document, or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by email, telephone, registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

Vice President, Regulatory Relations
CenterPoint Energy, Inc.
1111 Louisiana Street
Houston, Texas 77002
Patrick.reinhart@centerpointenergy.com
512-397-3061

with a copy to:

Legal-Regulatory Department
CenterPoint Energy, Inc.
1111 Louisiana Street
Houston, Texas 77002

Unless and until changed by written notice given in accordance with this section, every such communication to the City or the City Council shall be sent to the following address:

City of Manvel
Attn: City Manager
20031 Morris Avenue
City Hall
Manvel, TX 77578
(832) 336-4049
dan.johnson@cityofmanvel.com

with a copy to:

City Attorney
PO Box 187
Manvel, TX 77578
(832) 336-4070
bgervais@cityofmanvel.com

The mailing of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given the earlier of receipt or two business days after it was mailed.

Section 26. Remedies Not Exclusive. The rights and remedies provided herein are cumulative and not exclusive of any remedies provided by law, and nothing contained in this Franchise shall impair any of the rights of the City or the Company under applicable law, subject in each case to the terms and conditions of this Franchise.

Section 27. City Charter.

Company's operations and activities within the Public Rights-of-Way in the City shall be subject to all City ordinances, including the City's Right-of-Way Management Ordinance, and the City's Charter. The City Charter shall prevail over any conflicting term of this agreement, unless otherwise in conflict with any federal or state laws.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MANVEL, TEXAS, ON FIRST READING ON THIS _________ DAY OF _______________________, 2024.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MANVEL, TEXAS, ON SECOND AND FINAL READING ON THIS _________ DAY OF _______________________, 2024.

ATTEST: APPROVED:

_______________________________ _______________________________
Tammy Bell, City Secretary Dan Davis, Mayor

APPROVED AS TO FORM:

____
Robert Gervais, City Attorney

I, _______________, the duly appointed City Secretary of the City of Manvel, Texas, hereby certify that the above and foregoing Ordinance of CenterPoint Energy was duly adopted, on second reading, at a regular meeting of the City Council of the City of Manvel held on the ____ day of ________, 2024 and that the same has been duly engrossed and enrolled in the records of the City.

EXECUTED under my hand and the corporate seal of the City of Manvel, Texas, at said City, this ____ day of ________, _______.

____
Tammy Bell, City Secretary

(SEAL)

To the City of Manvel, Texas:

Grantee, for itself, its successors and assigns, hereby accepts the above and foregoing Ordinance and agrees to be bound by all of its terms and provisions.

By:____________________________________
Title:

Dated this ____ day of ________, ______.

RESOLUTION NO. 2024-R-27

**RESOLUTION OF THE CITY OF MANVEL, TEXAS
GIVING CONSENT TO THE SALE AND ISSUANCE OF BONDS BY
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56 OF BRAZORIA COUNTY**

WHEREAS, --- Utility District No. 56 of Brazoria County (the "District") was heretofore duly created by Order of the Texas Commission on Environmental Quality ("TCEQ"), dated August 16, 2007; and

WHEREAS, The District is located within the extraterritorial jurisdiction of the City of Manvel, Texas (the "City"); and

WHEREAS, pursuant to V.T.C.A. Local Government Code, Section 42.042 and by Resolution No. 2007-R-02, dated January 8, 2007 (the "Consent Resolution"), the City consented to the creation of the District; and

WHEREAS, as condition of the Consent Resolution, the City must consent to the sale and issuance of bonds by the District; and

WHEREAS, the City has received and reviewed a draft Preliminary Official Statement, a draft Notice of Sale, and a draft debt service schedule; and

WHEREAS, the City Council of the City desires to adopt Resolution No. 2024-R-27 (the "Resolution"), as set forth herein, for the purpose of acknowledging its receipt and review of the draft Preliminary Official Statement, a draft Notice of Sale, and a draft debt service schedule and consenting to the sale and issuance of road bonds by the District pursuant thereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANVEL, TEXAS:

Section 1. The facts and recitals set forth in the preamble of this Resolution are hereby found to be true and correct.

Section 2. Pursuant to Section 4.05 of Exhibit "B" and Exhibit "C" to the Consent Resolution, the City Council of Manvel, Texas hereby specifically (1) acknowledges its receipt and review of a draft Preliminary Official Statement, a draft Notice of Sale, and a draft debt service schedule; (2) declares that, based upon representation made by the District, the District is in compliance with the Consent Resolution, as well as all exhibits thereto; and (3) consents to the sale and issuance of road bonds by the District.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

PASSED AND APPROVED this _____ day of _________________________, 2024.

____
Mayor

ATTEST:

____
City Secretary

APPROVED AS TO FORM:

____
City Attorney

[SEAL]

ABHR

HOUSTON
3200 Southwest Freeway,
Suite 2600
Houston, TX 77027
(713) 860-6400

Direct Line: (713) 860-6493
Direct Fax: (713) 860-6667

hbradley@abhr.com

Hannah Bradley
Attorney

August 1, 2024

VIA E-MAIL AND REGULAR MAIL

Mr. Daniel S. Johnson
City Manager
City of Manvel
P.O. Box 187
Manvel, TX 77578

Re: Brazoria County Municipal Utility District No. 56

Dear Mr. Johnson:

The Board of Directors of the referenced District plans to sell $5,155,000 Unlimited Tax Road Bonds on August 8, 2024, to fund on September 12, 2024. The City consent conditions provide for "level debt service" on the bonds. Because we never know exactly what the debt service will be until we open the bids, the consent conditions allow for prior approval based on the predicted debt service on the bonds.

Please find attached (i) the Preliminary Official Statement for the bonds (note that the summary of costs for the bond issue begins on page 21), (ii) a cash flow analysis by the District's financial advisor, and (iii) the current consent conditions from the City's consent resolution relating to the District. The District respectfully requests that, based on the attached, the City concurs that the level debt service requirement is substantially met as required by the consent conditions. An affirmation from you or the appropriate City official will be sufficient. I've attached a simple affirmation for execution for your convenience. The District will be authorized to sell and close on the bonds without the concurrence but might have to incur expense in rejecting and re-bidding the bonds if the actual interest rates do not meet technical level debt service requirements.

If you have any questions or comments, please let me know. Thanks very much.

Sincerely,

Hannah Bradley

Hannah Bradley
Attorney for the District

Enclosures
cc: Bobby Gervais, City Attorney (via e-mail)

The City of Manvel, Texas has received the proposed debt service schedule for the $5,155,000 Brazoria County Municipal Utility District No. 56 Unlimited Tax Road Bonds, Series 2024, and acknowledges compliance with the applicable level debt service consent conditions relating to issuance.

City Manager, City of Manvel, Texas

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56

(BRAZORIA COUNTY, TEXAS)

PRELIMINARY OFFICIAL STATEMENT

DATED: JULY 11, 2024

$5,155,000

UNLIMITED TAX ROAD BONDS

SERIES 2024

BIDS TO BE SUBMITTED: 9:00 A.M., CENTRAL TIME

THURSDAY, AUGUST 8, 2024

BONDS TO BE AWARDED: 11:30 A.M., CENTRAL TIME

THURSDAY, AUGUST 8, 2024

BAIRD

Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED JULY 11, 2024

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), 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 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.*

NOT RATED

NEW ISSUE—Book Entry Only

$5,155,000
UNLIMITED TAX ROAD BONDS
SERIES 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56
(A Political Subdivision of the State of Texas, located within Brazoria County)

Dated: September 1, 2024
Interest Accrues from: Date of Delivery

Due: September 1, as shown on inside cover

The $5,155,000 Brazoria County Municipal Utility District No. 56 Unlimited Tax Road Bonds, Series 2024 (the "Bonds") are obligations of Brazoria County Municipal Utility District No. 56 (the "District") and are not obligations of the State of Texas; Brazoria County, Texas; the City of Manvel, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Brazoria County, Texas; the City of Manvel, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest accrues from the initial date of delivery (expected on September 12, 2024) (the "Date of Delivery"), and is payable March 1, 2025, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

See "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover page.

The Bonds are the third series of bonds issued by the District out of an aggregate of $61,925,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate of $141,315,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate of $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds. Following the issuance of the Bonds, $44,095,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $107,285,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source of Payment." Investment in the Bonds is subject to special risk factors as described herein. See "RISK FACTORS."

The Bonds are offered when, as and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), and subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about September 12, 2024.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

$5,155,000 Unlimited Tax Road Bonds, Series 2024

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ______ (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. ______ (b)
2026	$ 130,000	___%	___%	___	2038 (c)	$ 225,000	___%	___%	___
2027	135,000	___%	___%	___	2039 (c)	235,000	___%	___%	___
2028	140,000	___%	___%	___	2040 (c)	245,000	___%	___%	___
2029	150,000	___%	___%	___	2041 (c)	255,000	___%	___%	___
2030	155,000	___%	___%	___	2042 (c)	270,000	___%	___%	___
2031 (c)	160,000	___%	___%	___	2043 (c)	280,000	___%	___%	___
2032 (c)	170,000	___%	___%	___	2044 (c)	295,000	___%	___%	___
2033 (c)	180,000	___%	___%	___	2045 (c)	310,000	___%	___%	___
2034 (c)	185,000	___%	___%	___	2046 (c)	325,000	___%	___%	___
2035 (c)	195,000	___%	___%	___	2047 (c)	340,000	___%	___%	___
2036 (c)	205,000	___%	___%	___	2048 (c)	355,000	___%	___%	___
2037 (c)	215,000	___%	___%	___					

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchaser may designate one or more maturities as term bonds.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in the Rule.

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

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 Bond Counsel (herein defined), for further information.

The Financial Advisor (herein defined) 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 responsibility 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.

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

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

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 any purpose.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by ______________________ (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of ____________% of the principal amount thereof, which resulted in a net effective interest rate of ____________% calculated pursuant to Chapter 1204, Texas Government Code, as amended.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale (herein defined), the District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-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 THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE AND RATING

The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds.

No application has been made for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in obtaining an investment grade rating on the Bonds had such application been made.

[Remainder of page intentionally left blank]

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The District ....Brazoria County Municipal Utility District No. 56 (the "District"), a political subdivision of the State of Texas, is located in Brazoria County, Texas. See "THE DISTRICT."

The Bonds ....The $5,155,000 Brazoria County Municipal Utility District No. 56 Unlimited Tax Road Bonds, Series 2024 (the "Bonds") are dated September 1, 2024, and mature on September 1 in the years and in the principal amounts as shown on the inside cover page.

Interest on the Bonds accrues from the initial date of delivery (expected on September 12, 2024) (the "Date of Delivery"), at the rates set forth on the inside cover page and is payable March 1, 2025, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."

Redemption ....The Bonds that mature on or after September 1, 2031, are subject to redemption, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."

Book-Entry-Only System ....The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System."

Authority for Issuance ....The Bonds are the third series of bonds issued by the District out of an aggregate of $61,925,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate $141,315,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate of. The voters of the District have authorized the issuance of an aggregate of $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds.

Following the issuance of the Bonds, $44,095,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $107,285,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an election held within the boundaries of the District on May 10, 2008.

Outstanding Bonds............The District has previously issued two (2) series of bonds for the purpose of acquiring or constructing the Road System and three (3) series of bonds for the purpose of acquiring or constructing the Utility System, of which $45,985,000 principal amount remains outstanding as of the Date of Delivery (the "Outstanding Bonds"). Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024. See THE BONDS – Outstanding Bonds."

Source of Payment............The District is authorized to levy taxes to pay debt service on bonds issued for the Road System and such taxes are unlimited as to rate or amount. The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Brazoria County, Texas; the City of Manvel, Texas; or any entity other than the District. See "THE BONDS – Source of Payment."

Payment Record............The Bonds are the third series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. See "THE BONDS – Source of Payment."

Use of Proceeds of the Bonds............Proceeds of the Bonds will be used to reimburse the Developer (herein defined) for a portion of the costs of the projects as shown under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Additionally, proceeds from the sale of the Bonds will be used to pay six (6) months of capitalized interest, developer interest, and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Bonds."

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

Municipal Bond Insurance and Rating............The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds.

No application has been made for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in obtaining an investment grade rating on the Bonds had such application been made. See "MUNICIPAL BOND INSURANCE AND RATING."

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

Disclosure Counsel............Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial Advisor............Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description............The District is a political subdivision of the State of Texas, located approximately 22 miles south of the central business district of the City of Houston, Texas. The District lies entirely within the corporate limits of the City of Manvel, Texas. The District is a municipal utility district created by an order of the TCEQ effective August 16, 2007. The district operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. The District consists of approximately 685.58 acres. See "THE DISTRICT."

Development within the District .... The District is one of three municipal utility districts that make up the approximately 3,000-acre master-planned community known as Meridiana. To date, approximately 371.11 acres (1,061 lots) within the District have been developed as the residential subdivision of Meridiana, Sections 27, 28A, 28B, 29, 30A, 30B, 31A, 32A, 32B, 33A, 33B, 39A, 39B, 43-53, 54A, and 54B. In addition, approximately 28 acres have been developed as Alvin ISD Junior High School.

As of May 1, 2024, there were 804 completed homes, 73 homes under construction, and 184 vacant developed lots. The remaining land within the District consists of approximately 73.05 undeveloped but developable acres and approximately 213.10 undevelopable acres consisting of easements, rights of way and greenbelts. See "PRINCIPAL LANDOWNERS/DEVELOPER," "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."

Developer...Land within the District is being developed by Rise Communities, LLC (the "Developer"). See "PRINCIPAL LANDOWNERS/DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

Homebuilders Within the District ....Homebuilders who are active in the District include David Weekley Homes, Highland Homes, Perry Homes, Drees Custom Homes, Coventry Homes, Chesmar Homes, Shea Homes, New Mark Homes, Westin Homes, Toll Brothers, and Tri Coast Homes. Prices of new homes being constructed in the District range from the $300,000s to over $1 million. See "PRINCIPAL LANDOWNERS/DEVELOPER – Homebuilders Within the District."

RISK FACTORS

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

[*Remainder of page intentionally left blank*]

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2023 Certified Taxable Assessed Valuation	$ 264,835,688	(a)
2024 Certified Taxable Assessed Valuation	$ 370,827,767	(b)
Estimated Taxable Assessed Valuation as of June 1, 2024	$ 434,093,060	(c)
Direct Debt:		
The Outstanding Bonds	$ 45,985,000	
The Bonds	5,155,000	
Total	$ 51,140,000	
Estimated Overlapping Debt	$ 30,447,572	(d)
Total Direct and Estimated Overlapping Debt	$ 81,587,572	(d)
Direct Debt Ratios:		
As a percentage of the 2023 Certified Taxable Assessed Valuation	19.31 %	
As a percentage of the 2024 Certified Taxable Assessed Valuation	13.79 %	
As a percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024	11.78 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2023 Certified Taxable Assessed Valuation	30.81 %	
As a percentage of the 2024 Certified Taxable Assessed Valuation	22.00 %	
As a percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024	18.79 %	
Road System Debt Service Fund Balance (as of July 11, 2024)	$ 737,704	(e)
Utility System Debt Service Fund Balance (as of July 11, 2024)	$ 1,981,515	(f)
Road System Capital Projects Fund (as of July 11, 2024)	$ 64,825	
Utility System Capital Projects Fund (as of July 11, 2024)	$ 262,384	
General Fund Balance (as of July 11, 2024)	$ 661,615	
2023 Tax Rate per $100 of Taxable Assessed Valuation		
Utility System Debt Service	$ 0.50	
Road System Debt Service	0.30	
Maintenance and Operations	0.10	
Total	$ 0.90	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2048)	$ 3,484,027	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047)	$ 3,693,281	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2048) at 95% Tax Collections:		
Based on the 2023 Certified Taxable Assessed Valuation	$ 1.39	
Based on the 2024 Certified Taxable Assessed Valuation	$ 0.99	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 0.85	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047) at 95% Tax Collections:		
Based on the 2023 Certified Taxable Assessed Valuation	$ 1.47	
Based on the 2024 Certified Taxable Assessed Valuation	$ 1.05	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 0.90	
Single-Family Homes (including 73 under construction) as of May 1, 2024	877	

(a) As certified by the Brazoria County Appraisal District (the "Appraisal District") as of January 1, 2023. See "TAXING PROCEDURES."

(b) As certified by the Appraisal District as of January 1, 2024. Such amount includes $21,931,374 of assessed valuation assigned to properties that remain under review by the Appraisal District. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal District, upon which the District will levy its tax. See "TAX DATA" and "TAXING PRODECURES."

(c) As of June 1, 2024, provided by the Appraisal District for information purposes only. Represents new construction within the District as of June 1, 2024. This estimate is based upon the same unit value used in the taxable assessed valuation. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(d) Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(e) In addition to this amount, six (6) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund (herein defined) upon closing of the Bonds. Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System (herein defined), such as the Bonds.

(f) Such amount does not include the twelve (12) months [$538,112.50] of capitalized interest from the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Monies in the Utility System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Road System.

(g) Requirement of debt service on the Bonds. Debt service on the Bonds is an estimate based on the Bonds being sold at an average annual interest rate of 4.75%. See "DISTRICT DEBT – Pro-Forma Debt Service Requirement Schedule."

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56

(A Political Subdivision of the State of Texas, located within Brazoria County)

$5,155,000
UNLIMITED TAX ROAD BONDS
SERIES 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Brazoria County Municipal Utility District No. 56 (the "District") of its $5,155,000 Unlimited Tax Road Bonds, Series 2024 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an election held within the boundaries of the District on May 10, 2008.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

There follow in this Official Statement descriptions of the Bonds, the Developer (herein defined), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas (the "State"), Brazoria County, Texas (the "County"); the City of Manvel, Texas (the "City"); or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Effects of Hurricane Harvey

The Houston area, including the District, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 25, 2017, and during Tropical Storm Imelda on September 19, 2019. No facilities or homes had been built prior to Hurricane Harvey, but had been built prior to Tropical Storm Imelda. According to the District's engineer, Tropical Storm Imelda did not cause damage to the District's water, sanitary sewer and drainage facilities, and there was no interruption of water and sewer service in the District. Further, to the best knowledge of the District, there was no structural flooding or other material damage caused by Hurricane Harvey or Tropical Storm Imelda. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Houston area. Additional extreme weather events have the potential to cause damage within the District and the Houston area generally could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Potential Effects of Oil Price Fluctuations on the Houston Area

The sudden change in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by or legal requirement of the principal landowners/developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNERS/DEVELOPERS," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's principal taxpayers in 2023 own approximately 15.11% of the District's total 2023 Certified Taxable Assessed Valuation of property located within the District. GR-M1 Ltd., an entity associated with Rise Communities, LLC (the "Developer"), owns approximately 2.51% of the District's total 2023 Certified Taxable Assessed Valuation of property located within the District. In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the surpluses in the Districts debt service funds, the ability of the District to make timely payment of debt service on the Bonds and on the Outstanding Bonds (herein defined) will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 Certified Taxable Assessed Valuation is $264,835,638, the 2024 Certified Taxable Assessed Valuation as of January 1, 2024, is $370,827,767, and the Estimated Taxable Assessed Valuation as of June 1, 2024, is $434,093,060. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Bonds and on the Outstanding Bonds is $3,693,281 (2047) and the estimated average annual debt service requirement on the Bonds and on the Outstanding Bonds is $3,484,027 (2025-2048). Assuming no increase to nor decrease from the 2023 Certified Taxable Assessed Valuation, tax rates of $1.47 and $1.39 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement schedule and the average annual debt service schedule, respectively. Assuming no increase to nor decrease from the 2024 Certified Taxable Assessed Valuation, tax rates of $1.05 and $0.99 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no increase to nor decrease from the Estimated Taxable Assessed Valuation as of June 1, 2024, tax rates of $0.90 and $0.85 per $100 of taxable assessed valuation at 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District has levied a total tax rate of $0.90 per $100 of assessed valuation for the 2023 tax year. Such tax is composed of the following: a maintenance and operations tax rate of $0.10 per $100 of assessed valuation; a Utility System (herein defined) debt service tax rate of $0.50 per $100 of assessed valuation; and a Road System (herein defined) debt service tax rate of $0.30 per $100 of assessed valuation.

Competitive Nature of Residential Housing Market

The housing industry in the greater Houston area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

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 (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidder of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $44,095,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for the refunding of such bonds; $107,285,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, wastewater, and drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds; and $32,240,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and for the refunding of such bonds, and such additional bonds as may hereafter be approved by the voters of the District. See "THE BONDS – Issuance of Additional Debt." The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution authorized by the voters of the District, which may be issued by the District from time to time as needed. Issuance of the remaining $107,285,000 of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, as well as the remaining $32,240,000 of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds, is subject to approval by the TCEQ. Further, the principal amount of bonds issued by the District for the Park System may not exceed one percent of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District.

Following the issuance of the Bonds, the District will owe the Developer approximately $16,930,000 for expenditures relating to the acquisition or construction of the Utility System, the Road System, and the Park System serving the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on 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 2023, the Supreme Court of the United States issued its decision in *Sackett* v. EPA, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Changes in Tax Legislation

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds, which would be at the discretion and expense of the Initial Purchaser. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

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

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

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

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution.

The Bonds are dated September 1, 2024, and will accrue interest from the initial date of delivery (expected on September 12, 2024, the "Date of Delivery") with interest payable March 1, 2025, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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

EXHIBIT B
CONSENT CONDITIONS

(a) The District may issue bonds, including refunding bonds, only for the purpose of purchasing, refinancing, designing and constructing, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, drainage facilities, and fire, parks and recreational facilities, and streets and thoroughfares, or parts of such systems or facilities, and to make any and all necessary purchases, constructions, improvements, extensions, additions, and repairs thereto, and to purchase or acquire all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities therefor, and to operate and maintain same, and to sell water, sanitary sewer, and other services within or without the boundaries of the District. No bonds will be issued with a final maturity date more than 25 years from the date of issuance, and the first principal maturity must occur within three years of the date of issuance. The Bonds shall have level debt service requirements. Level debt service shall mean that during the period beginning with the calendar year of the first principal payment on a bond issue and ending in the calendar year of the final scheduled maturity of said issue, the spread from the greatest debt service in a calendar year during said period to the least debt service in a calendar year during said period shall not be more than $15,000. The intent may be demonstrated by submitting a proposed Notice of Sale and estimated bid using the proposed maturity pattern that shows coupons, interest and total debt service requirements that meets the required standard above to the City for prior approval. Having shown intent to comply by getting approval of the structure by the City in advance of advertising for sale will be sufficient in the event the actual results of a competitive sale return debt service payments that otherwise would not meet the standard of $15,000 difference between maximum and minimum annual debt service payments. Such bonds must provide that the District reserves the right to redeem said bonds on any date subsequent to the 10th anniversary of the date ofissuance (or any earlier date at the discretion of the District) without premium, and none of such bonds, other than refunding bonds, will be sold for less than 97 percent of par; provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given, and that bids for the bonds will be received not more than 45 days after notice of sale of the bonds is given. No bonds of the District may be issued without specific City consent if the City has given notice to the District that it intends to dissolve the District in accordance with applicable law within 120 or fewer days after such notice.

(b) Any refunding bonds of the District must provide for level debt service savings (annual savings must be approximately equal for each year with no more than $7,500 between the maximum and minimum savings per year), a minimum of three percent present value savings, and no maturity beyond the latest maturity of the refunded bonds, unless approved by the City in writing prior to the sale thereof.

(c) Before the commencement of any construction within the District, its directors, officers, or developers and landowners will submit to the City, or to its designated representative, all plans and specifications for the construction of water, sanitary sewer and drainage facilities to serve the District and obtain the approval of such plans and specifications. All water wells, water meters, flushing valves, valves, pipes, and appurtenances thereto, installed or used within the District, will conform to the standard specifications of the City. All water service lines and sewer service lines, lift stations, and appurtenances thereto, installed or used within the District will comply with the City's standard plans and specifications as amended from time to time. The construction of the District's water, sanitary sewer, and drainage facilities will be in accordance with the approved plans and specifications and with applicable standards and specifications of the City; and during the progress of the construction and installation of such facilities, the City may make periodic on-the-ground inspections.

(d) Before the expenditure by the District of bond proceeds for the acquisition, construction or development of recreational facilities, the District shall obtain and maintain on file, from a registered landscape architect, registered professional engineer or a design professional allowed by law to engage in architecture, a certification that the recreational facilities, as constructed, conform to the applicable recreational facilities design standards and specifications of the City of Manvel and shall submit a copy of the certification and the "as built" plans and specifications for such recreational facilities to the City of Manvel.

(e) Before the expenditure by the District of bond proceeds for the acquisition; construction or development of facilities for fire-fighting and/or public safety services, the District shall obtain and maintain on file, from a registered architect, registered professional engineer or a design professional allowed by law to engage in facility design and construction, a certification that the facilities for fire-fighting and/or public safety services, as constructed, conform to the applicable fire-fighting facilities design standards and specifications of the City of Manvel and shall submit a copy of the certification and the "as built" plans and specifications for such facilities for fire fighting and/or public safety services to the City of Manvel.

(f) The District will agree to engage a sewage plant operator holding a valid certificate of competency issued under the direction of the Texas Commission on Environmental Quality, or such successor agency as the legislature may establish ("TCEQ"), as required by Section 26.0301, Texas Water Code, as may be amended from time to time. The District will agree to make periodic analyses of its discharge pursuant to the provisions of Order No. 69-1219-1 of the Texas Water Quality Board (predecessor agency to the TCEQ) and further to send copies of all such effluent data to the City of Manvel as well as to the TCEQ. The District will agree that representatives of the City of Manvel may supervise the continued operations of the sewage treatment facility by making periodic inspections thereof.

(g) The District, its board of directors, officers, developers, and/or landowners will not permit the construction, or commit to any development within, the District that will result in a wastewater flow to the serving treatment facility which exceeds that facility's legally permitted average daily flow limitations or the District's allocated capacity therein.

(h) Prior to the sale of any lot or parcel of land, the owner or the developer of the land included within the limits of the District will obtain the approval of the City of Manvel of a plat which will be duly recorded in the Real Property Records of Brazoria County, Texas, and otherwise comply with the rules and regulations of the City of Manvel.

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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 purchase 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 Securities, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, principal and interest 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 Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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 the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Initial Purchaser.

The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are the third series of bonds issued by the District out of an aggregate of $61,925,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Road System and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate of $141,315,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds. The voters of the District have authorized the issuance of an aggregate of $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds.

Following issuance of the Bonds, $44,095,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $107,285,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or the Park System and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to: the Bond Resolution; Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an election held within the boundaries of the District on May 10, 2008.

Outstanding Bonds

The District has previously issued two (2) series of bonds for the purpose of acquiring or constructing the Road System and three (3) series of bonds for the purpose of acquiring or constructing the Utility System, of which $45,985,000 principal amount remains outstanding as of the Date of Delivery (the "Outstanding Bonds"). Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of an aggregate of $61,925,000 of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $141,315,000 of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $32,240,000 of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds. The District could authorize additional amounts of Utility System bonds, Road System bonds, or Park System Bonds. The Bonds are the third series of bonds issued by the District for the purpose of acquiring or constructing the Road System and for the refunding of such bonds. Following issuance of the Bonds, $44,095,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of such bonds, $107,285,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of such bonds, and $32,240,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for the refunding of such bonds will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ).

Following the issuance of the Bonds, the District will owe the Developer approximately $16,930,000 for expenditures relating to the acquisition or construction of the Utility System, the Road System, and the Park System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board has adopted neither a fire plan nor called an election for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on November 6, 2007, and November 3, 2009, the District's voters authorized an aggregate of $32,240,000 in unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for the refunding of such bonds. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The principal amount of outstanding park bonds issued by the District may not exceed one percent (1 %) of the District's taxable assessed valuation unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1 %) but not more than three percent (3 %) of the value of the taxable property in the District. The District has not considered the preparation of a parks bond application at this time.

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District.

In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Brazoria County Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the Road

System Debt Service Fund (herein defined) and used solely to pay principal of and interest on the Bonds, any additional bonds payable from taxes which may be issued for the Road System, and fees of the Paying Agent/Registrar. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System or Park System.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; the County; the City; or any entity other than the District.

Funds

The Bond Resolution confirms the District's fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). Upon closing, six (6) months of capitalized interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

No Arbitrage

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

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

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

Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Proceeds of the Bonds

Proceeds of the Bonds will be used to reimburse the Developer for a portion of the costs of the projects as shown below. Additionally, proceeds from the sale of the Bonds will be used to pay six (6) months of capitalized interest, developer interest, and other certain costs associated with the issuance of the Bonds.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer (herein defined) and the Financial Advisor (herein defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Totals may not sum due to rounding.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Meridiana, Section 53	
a. Site Preparation	$ 7,214
b. Excavation, Paving & Lot Grading	233,423
c. Storm Water Pollution Prevention Plan	1,027
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds	4,783
e. Construction Staking Service	2,827
f. As-Built Survey & Record Drawings	2,446
g. Construction Permits	1,305
Sub-Total	$ 253,024
2. Meridiana, Section 53	
a. Site Preparation	$ 1,476
b. Excavation, Paving & Lot Grading	214,714
c. Storm Water Pollution Prevention Plan	604
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds	7,068
e. Construction Permits	2,297
f. Construction Staking Service	3,181
g. As-Built Survey & Record Drawings	2,120
Sub-Total	$ 231,460
3. Meridiana, Section 54A	
a. Site Preparation	$ 7,536
b. Excavation, Paving & Lot Grading	499,092
c. Storm Water Pollution Prevention Plan	616
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds	26,043
e. Construction Permits	6,156
f. Construction Staking Service	6,629
g. As-Built Survey & Record Drawings	3,788
Sub-Total	$ 549,858
4. Meridiana, Section 54B	
a. Site Preparation	$ 937
b. Excavation, Paving & Lot Grading	329,476
c. Storm Water Pollution Prevention Plan	393
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds	7,913
e. Construction Permits	3,930
f. Construction Staking Service	3,925
g. As-Built Survey & Record Drawings	3,489
Sub-Total	$ 350,063
5. Meridiana Parkway, Phase Four & Manvel Parkway, Phase One	
a. Site Preparation	$ 2,650
b. Excavation, Paving & Lot Grading	1,098,216
c. Storm Water Pollution Prevention Plan	1,010
d. Construction Staking Service	3,281
e. As-Built Survey & Record Drawings	5,048
f. Construction Permits	8,329
Sub-Total	$ 1,118,534

6. Montane Grove Blvd.		
a. Site Preparation	$	4,560
b. Excavation, Paving & Lot Grading		443,472
c. Storm Water Pollution Prevention Plan		651
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds		22,292
e. Construction Permits		4,228
f. Construction Staking Service		4,804
g. As-Built Survey & Record Drawings		3,075
Sub-Total	$	483,083
7. Pursley Boulevard, Phase 7		
a. Site Preparation	$	659
b. Excavation, Paving & Lot Grading		245,978
c. Storm Water Pollution Prevention Plan		1,377
d. Certificate of Insurance, Performance, Payment & Maintenance Bonds		5,989
e. Construction Permits		3,653
f. Construction Staking Service		5,989
g. As-Built Survey & Record Drawings		3,593
Sub-Total	$	267,239
8. Intersection Improvements for Section 33	$	80,540
9. Engineering & Geotechnical (13.85% of Item Nos. 2-7)		
a. Meridiana, Section 32A	$	29,834
b. Meridiana, Section 54A		41,571
c. Meridiana, Section 54B		77,709
d. Meridiana Parkway, Phase Four & Manvel Parkway, Phase One		142,918
e. Montane Grove Blvd.		29,249
f. Pursley Boulevard, Phase 7		22,303
Sub-Total	$	343,584
10. Storm Water Compliance		
a. Meridiana, Section 53	$	8,086
b. Meridiana, Section 32A		3,373
c. Meridiana, Section 54A		6,305
d. Meridiana, Section 54B		16,347
e. Meridiana Parkway, Phase Four & Manvel Parkway, Phase One		19,513
f. Montane Grove Blvd.		8,282
g. Pursley Boulevard, Phase 7		15,228
Sub-Total	$	77,134
11. Land Acquisition		
a. Meridiana, Section 32A ROW	$	8,750
b. Meridiana, Section 54A ROW		45,053
c. Meridiana, Section 54B ROW		84,756
d. Meridiana Parkway, Phase 4 ROW		31,423
e. Manvel Parkway, Phase One ROW		99,787
f. Montane Grove Blvd.		15,365
g. Montane Grove Blvd.		46,780
h. Pursley Boulevard, Phase 7		15,992
Sub-Total	$	347,906
Total Developer Contribution Items	$	4,102,425
Less Surplus Funds Available	$	(64,534)
NET CONSTRUCTION COSTS (78.33% of BIR)	$	4,037,892

Non-Construction Costs

A.	Legal Fees	$	143,100
B.	Fiscal Agent Fees		103,100
C.	Engineering Bond Fees		52,194
D.	Capitalized Interest (6 Months at 4.75%)		122,431
E.	Developer Interest		480,749

F.	Bond Discount (3.00%)		154,650
G.	Bond Issuance Expenses		55,729
H.	Attorney General Fee (0.10% or $9,500 max)		5,155
	Total Non-Construction Costs	$	1,117,108
	TOTAL BOND ISSUE REQUIREMENT	**$**	**5,155,000**

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. In the instance that actual costs exceed previously approved estimated amounts and contingencies, the issuance of additional bonds may be required. The Engineer has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described improvements. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated August 16, 2007, and by a confirmation election held within the District on November 6, 2007, and operates pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, and Chapters 49 and 54, Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

The District also is authorized to acquire, construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

The District encompasses approximately 685 acres and is located wholly within the County, approximately 22 miles south of the Central Business District of the City of Houston, Texas. The District lies approximately 1.5 miles south of the intersection of State Highway 6 and Highway 288. The District is located within the corporate city limits of the City of Manvel, Texas.

Management of the District

The District is governed by its Board, consisting of five directors who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve staggered, four-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Lance E. Taylor	President	2028
Michael Albrecht	Vice President	2026
Tamu Williams	Secretary	2028
David Rivera	Assistant Secretary	2026
Sandra Harrell	Assistant Vice President	2026

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and TexStar, which are 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 portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest, Inc.

Bookkeeper: The District's bookkeeper is Myrtle Cruz, Inc.

Utility System Operator: The District's water and sewer system is operated by Si Environmental LLC.

Auditor: The District engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended March 31, 2024. McGrath & Co., PLLC was not requested to perform any updating procedures subsequent to the date of its audit opinion on the March 31, 2024, financial statements. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended March 31, 2024.

Engineer: The District's engineer is Edminster, Hinshaw, Russ and Associates, Inc. (the "Engineer"). Such firm acts as engineer for many residential and commercial developments in Texas.

General and Bond Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as disclosure counsel ("Disclosure Counsel") to the District in connection with the issuance of the Bonds. The fees to be paid Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated serves as financial advisor ("Financial Advisor") to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

[*Remainder of page intentionally left blank*]

DEVELOPMENT OF THE DISTRICT

To date, approximately 371.11 acres (1,061 lots) within the District have been developed into the single-family subdivisions Meridiana, Sections 27, 28A, 28B, 29, 30A, 30B, 31A, 32A, 32B, 33A, 33B, 39A, 39B, 43-53, 54A, and 54B. In addition, 28 acres have been developed as Alvin ISD Junior High School.

As of May 1, 2024, there were 804 completed homes, 73 homes under construction, and 184 vacant developed lots. The remaining land within the District consists of approximately 73.05 undeveloped but developable acres and approximately 213.10 undevelopable acres consisting of easements, rights of way and greenbelts.

Status of Development within the District

The following is a status of construction of single-family housing within the District as of May 1, 2024:

	Type of Development	Section Acreage	Platted Lots	Completed Homes	Homes Under Construction	Developed Vacant Lots
Meridiana – Section 27	Single-Family	16.20	52	52	0	0
Meridiana – Section 28A	Single-Family	13.80	45	45	0	0
Meridiana – Section 28B	Single-Family	14.30	39	23	13	3
Meridiana – Section 29	Single-Family	9.20	15	11	4	0
Meridiana – Section 30A	Single-Family	17.20	54	34	0	20
Meridiana – Section 30B	Single-Family	11.30	42	0	1	41
Meridiana – Section 31A	Single-Family	10.30	22	21	0	1
Meridiana – Section 32A	Single-Family	1.00	4	0	0	4
Meridiana – Section 32B	Single-Family	0.20	2	0	0	2
Meridiana – Section 33A	Single-Family	13.60	47	41	5	1
Meridiana – Section 33B	Single-Family	9.90	40	19	8	13
Meridiana – Section 39A	Single-Family	12.40	66	66	0	0
Meridiana – Section 39B	Single-Family	12.40	50	50	0	0
Meridiana – Section 43	Single-Family	19.90	53	52	1	0
Meridiana – Section 44	Single-Family	26.50	72	72	0	0
Meridiana – Section 45	Single-Family	10.40	34	34	0	0
Meridiana – Section 46	Single-Family	13.00	29	29	0	0
Meridiana – Section 47	Single-Family	21.82	63	63	0	0
Meridiana – Section 48	Single-Family	22.47	64	64	0	0
Meridiana – Section 49	Single-Family	19.82	27	24	2	1
Meridiana – Section 50	Single-Family	20.10	69	46	13	10
Meridiana – Section 51	Single-Family	7.20	10	1	1	8
Meridiana – Section 52	Single-Family	21.90	44	15	8	21
Meridiana – Section 53	Single-Family	14.90	38	21	8	9
Meridiana – Section 54A	Single-Family	8.90	21	12	5	4
Meridiana – Section 54B	Single-Family	22.40	59	9	4	46
Totals		371.11	1,061	804	73	184

Under Development	371.11
Schools	28.32
Undevelopable	213.10
Remaining Developable Acres:	73.05
Service Area Total:	685.58

PRINCIPAL LANDOWNERS/DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or 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.

Neither the Developer, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developer or its affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Principal Landowner/Developer

GR-M1 Ltd. was formed by the Developer for the purpose of acquiring and holding for investment and sale tracts of land, including the land in the District. The Developer has determined the overall development plan for such land in the District and arranged for the construction of water, sanitary sewer and road facilities within the District. GR-M1 Ltd. plans to use equity contributions to fund the development of Meridiana.

Rise Communities LLC is a developer and manager of master-planned, large-scale communities. In addition to developing Meridiana, Rise Communities LLC is also developing Cane Island, an 1,100-acre master-planned community located in the City of Katy, Texas.

Homebuilders within the District

Homebuilders who are active in the District include David Weekley Homes, Highland Homes, Perry Homes, Drees Custom Homes, Coventry Homes, Chesmar Homes, Shea Homes, New Mark Homes, Westin Homes, Toll Brothers, and Tri Coast Homes. Prices of new homes being constructed in the District range from the $300,000s to over $1 million.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and the County. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water, Sanitary Sewer and Drainage System

Water Supply: The District owns one water plant. Phase One of the Water Plant consists of a 1,500 gallon-per minute ("gpm") well, 30,000 gallons of hydropneumatic tank capacity, a 500,000 gallon ground storage tank and 4,800 gpm of booster pump capacity. According to EHRA., the District's engineer (the "Engineer"), Phase One of the water plant is capable of serving 1,325 equivalent single family connections ("esfc") in the District and currently serves 807 esfcs.

Wastewater Treatment: The District owns one wastewater treatment plant. Phase One of the Wastewater Treatment facility has a total capacity of 399,000 gallons per day ("gpd") which can serve a total of 1,267 esfcs based on 315 gpd/esfc. The wastewater treatment plant currently serves 807 esfcs.

100 Year Flood Plain

According to the FEMA Map No. 48039C0110K, Panel 110 of 925, and Map No. 48039C0120K, Panel 120 of 850, dated December 20, 2020, approximately 157 acres within the District are located in the 100-year flood plain and are not considered to be developable.

THE ROAD SYSTEM

The Road System serves residents of the District by providing access to the major thoroughfares and collectors within the Meridiana development and surrounding area. The major thoroughfares and collectors serving the District include Meridiana Parkway, Pursley Boulevard and Cumulus Drive. The District will finance, design and construct the Road System in phases as development progresses. The Road System will ultimately be owned, operated and maintained by the City as the phases are constructed and accepted by the City. The District does not intend to maintain or operate the roads once they are accepted by the City.

[Remainder of page intentionally left blank]

General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements for fiscal years ended March 31, 2020, through March 31, 2024. Reference is made to such statement for further and more complete information. See "APPENDIX A."

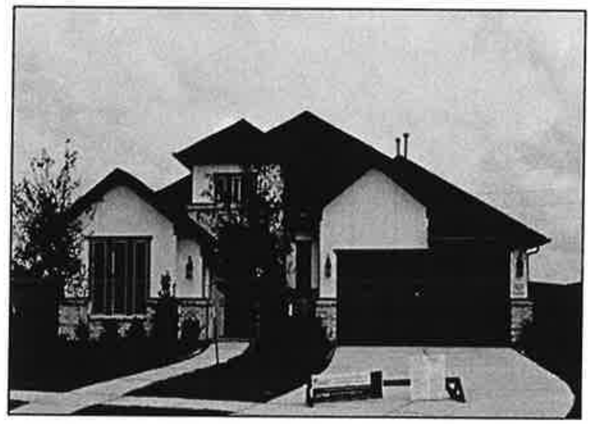
	Fiscal Year End March 31,				
	2024	2023	2022	2021	2020
REVENUES					
Water Service	$ 481,660	$ 223,600	$ 105,659	$ 43,122	$ 625
Sewer Service	341,277	159,162	82,876	25,692	383
Property Taxes	266,679	218,192	185,795	26,796	15,519
Penalties & Interest	21,751	14,500	5,033	907	-
Tap Connection & Inspection	313,831	578,471	431,731	91,001	-
Groundwater Pumpage Fees	3,483	1,718	560	171	3
Impact Fees	-	-	-	-	697,444
Miscellaneous	41,723	37,418	17,355	5,677	110
Investment Revenues	16,538	5,054	101	529	233
TOTAL REVENUES	$ 1,486,942	$ 1,238,115	$ 829,110	$ 193,895	$ 714,317
EXPENSES					
Current					
Professional Fees	$ 255,787	$ 328,177	$ 272,935	$ 184,700	$ 127,459
Contracted Services	423,153	479,292	316,938	102,144	15,952
Repairs and Maintenance	354,606	216,752	182,058	54,205	23,040
Utilities	101,745	43,244	-	-	137
Administrative	130,685	81,669	44,687	29,520	15,909
Other	10,617	13,119	17,193	6,764	2,501
Capital Contribution	-	-	-	-	137,820
Capital Outlay	-	94,870	-	-	-
TOTAL EXPENSES	$ 1,276,593	$ 1,257,123	$ 833,811	$ 377,333	$ 322,818
Revenues Over (Under) Expenses	$ 210,349	$ (19,008)	$ (4,701)	$ (183,438)	$ 391,499
Developer Advances	$ -	$ -	$ -	$ -	$ 70,000
Internal Transfers	$ 15,893	$ 13,696	$ -	$ -	$ -
Construction Contract Reimbursement	$ -	$ -	$ -	$ 121,605	$ -
Net Change in Fund Balance	$ 226,242	$ (5,312)	$ (4,701)	$ (61,833)	$ 461,499
Fund Balance, Beginning of Year	$ 390,903	$ 396,215	$ 400,916	$ 462,749	$ 1,250
Fund Balance, End of Year	$ 617,145	$ 390,903	$ 396,215	$ 400,916	$ 462,749

AERIAL PHOTOGRAPH OF THE DISTRICT

(November 2023)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(May 2024)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(May 2024)

DISTRICT DEBT

Pro-Forma Debt Service Requirement Schedule

The following schedule sets forth the principal and estimated interest requirements for the Outstanding Bonds and the principal and estimated interest requirements for the Bonds, with an estimated annual interest rate of 4.75%. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service (a)	Plus: The Bonds Principal	Interest	Debt Service	Total Debt Service
2025	$ 3,272,419	$ -	$ 237,381	$ 237,381	$ 3,509,799
2026	3,262,900	130,000	244,863	374,863	3,637,763
2027	3,236,225	135,000	238,688	373,688	3,609,913
2028	3,213,238	140,000	232,275	372,275	3,585,513
2029	3,196,863	150,000	225,625	375,625	3,572,488
2030	3,176,663	155,000	218,500	373,500	3,550,163
2031	3,153,856	160,000	211,138	371,138	3,524,994
2032	3,137,981	170,000	203,538	373,538	3,511,519
2033	3,143,144	180,000	195,463	375,463	3,518,606
2034	3,138,819	185,000	186,913	371,913	3,510,731
2035	3,151,744	195,000	178,125	373,125	3,524,869
2036	3,167,913	205,000	168,863	373,863	3,541,775
2037	3,175,356	215,000	159,125	374,125	3,549,481
2038	3,188,881	225,000	148,913	373,913	3,562,794
2039	3,203,469	235,000	138,225	373,225	3,576,694
2040	3,223,894	245,000	127,063	372,063	3,595,956
2041	3,233,950	255,000	115,425	370,425	3,604,375
2042	3,249,038	270,000	103,313	373,313	3,622,350
2043	3,267,169	280,000	90,488	370,488	3,637,656
2044	3,269,900	295,000	77,188	372,188	3,642,088
2045	3,286,188	310,000	63,175	373,175	3,659,363
2046	3,306,588	325,000	48,450	373,450	3,680,038
2047	3,320,269	340,000	33,013	373,013	3,693,281
2048	822,588	355,000	16,863	371,863	1,194,450
Total	$ 74,799,050	$ 5,155,000	$ 3,662,606	$ 8,817,606	$ 83,616,655

(a) Outstanding as of the Date of Delivery. Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2048)................... $ 3,484,027

Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047)............................ $ 3,693,281

[Remainder of page intentionally left blank]

Bonded Indebtedness

2023 Certified Taxable Assessed Valuation	$ 264,835,688	(a)
2024 Certified Taxable Assessed Valuation	$ 370,827,767	(b)
Estimated Taxable Assessed Valuation as of June 1, 2024	$ 434,093,060	(c)
Direct Debt:		
The Outstanding Bonds	$ 45,985,000	
The Bonds	5,155,000	
Total	$ 51,140,000	
Estimated Overlapping Debt	$ 30,447,572	(d)
Total Direct and Estimated Overlapping Debt	$ 81,587,572	(d)
Direct Debt Ratios:		
As a percentage of the 2023 Certified Taxable Assessed Valuation	19.31 %	
As a percentage of the 2024 Certified Taxable Assessed Valuation	13.79 %	
As a percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024	11.78 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2023 Certified Taxable Assessed Valuation	30.81 %	
As a percentage of the 2024 Certified Taxable Assessed Valuation	22.00 %	
As a percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024	18.79 %	
Road System Debt Service Fund Balance (as of July 11, 2024)	$ 737,704	(e)
Utility System Debt Service Fund Balance (as of July 11, 2024)	$ 1,981,515	(f)
Road System Capital Projects Fund (as of July 11, 2024)	$ 64,825	
Utility System Capital Projects Fund (as of July 11, 2024)	$ 262,384	
General Fund Balance (as of July 11, 2024)	$ 661,615	
2023 Tax Rate per $100 of Taxable Assessed Valuation		
Utility System Debt Service	$ 0.50	
Road System Debt Service	0.30	
Maintenance and Operations	0.10	
Total	$ 0.90	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2048)	$ 3,484,027	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047)	$ 3,693,281	(g)
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2048) at 95% Tax Collections:		
Based on the 2023 Certified Taxable Assessed Valuation	$ 1.39	
Based on the 2024 Certified Taxable Assessed Valuation	$ 0.99	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 0.85	
Debt Service Tax Rate per $100 of Taxable Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047) at 95% Tax Collections:		
Based on the 2023 Certified Taxable Assessed Valuation	$ 1.47	
Based on the 2024 Certified Taxable Assessed Valuation	$ 1.05	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 0.90	
Single-Family Homes (including 73 under construction) as of May 1, 2024	877	

(a) As certified by the Appraisal District as of January 1, 2023. See "TAXING PROCEDURES."

(b) As certified by the Appraisal District as of January 1, 2024. Such amount includes $21,931,374 of assessed valuation assigned to properties that remain under review by the Appraisal District. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal District, upon which the District will levy its tax. See "TAX DATA" and "TAXING PRODECURES."

(c) As of June 1, 2024, provided by the Appraisal District for information purposes only. Represents new construction within the District as of June 1, 2024. This estimate is based upon the same unit value used in the taxable assessed valuation. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(d) Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(e) In addition to this amount, six (6) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund upon closing of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System, such as the Bonds.

(f) Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Monies in the Utility System Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Road System.

(g) Requirement of debt service on the Bonds. Debt service on the Bonds is an estimate based on the Bonds being sold at an average annual interest rate of 4.75%. See "DISTRICT DEBT – Pro-Forma Debt Service Requirement Schedule."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports* published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt as of June 30, 2024	Estimated Overlapping Percent	Estimated Overlapping Amount
Brazoria County, Texas	$ 202,278,313	0.52%	$ 1,043,511
Alvin Independent School District	918,045,000	1.78%	16,384,696
Alvin Community College District	19,520,000	1.31%	254,954
City of Manvel	98,275,000	12.99%	12,764,411
Total Estimated Overlapping Debt			$ 30,447,572
The District			$ 51,140,000 (a)
Total Direct & Estimated Overlapping Debt			$ 81,587,572 (a)

(a) Includes the Bonds and the Outstanding Bonds. Such amount includes the District's $11,900,000 Unlimited Tax Bonds, Series 2024, which closed on July 24, 2024.

Debt Ratios

	Percentage of 2023 Certified Taxable Assessed Valuation	Percentage of 2024 Certified Taxable Assessed Valuation	Percentage of Estimate of Value June 1, 2024
Direct Debt (a)	19.31%	13.79%	11.78%
Total Direct and Estimated Overlapping Debt (a)	30.81%	22.00%	18.79%

(a) Includes the Bonds and the Outstanding Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property 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 Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the

Brazoria County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. 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. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 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 property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property 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 fair market value. The Property Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

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

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may 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 Code.

The Property Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, 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.

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.

Rollback of Operation and Maintenance Tax Rate

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

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

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 in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

The District: A determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2023 tax year, the Board of Directors designated the District 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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law.

Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "RISK FACTORS" and "THE BONDS"). The District has levied a total tax rate of $0.90 per $100 of assessed valuation for the 2023 tax year. Such rate is composed of: a maintenance and operations tax rate of $0.10 per $100 of assessed valuation; a Utility System debt service tax rate of $0.50 per $100 of assessed valuation; and a Road System debt Service tax rate of $0.30 per $100 of assessed valuation.

Tax Rate Limitation

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

Maintenance Tax

The Board 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. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "Tax Rate Distribution" herein.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet certain debt service requirements of the Bonds if no growth in the District's tax base occurs beyond the 2023 Certified Taxable Assessed Valuation ($264,835,688), the 2024 Certified Taxable Assessed Valuation ($370,827,767), or the Estimated Taxable Assessed Valuation as of June 1, 2024 ($434,093,060). The calculations assume collection of 95% of taxes levied the Outstanding Bonds, the sale of the Bonds but not the sale of any additional bonds by the District.

Estimated Average Annual Debt Service Requirement (2025-2048)	$ 3,484,027
Debt Service Tax Rate of $1.39 on the 2023 Certified Taxable Assessed Valuation	$ 3,497,155
Debt Service Tax Rate of $0.99 on the 2024 Certified Taxable Assessed Valuation	$ 3,487,635
Debt Service Tax Rate of $0.85 on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 3,505,301
Estimated Maximum Annual Debt Service Requirement (2047)	$ 3,693,281
Debt Service Tax Rate of $1.47 on the 2023 Certified Taxable Assessed Valuation	$ 3,698,430
Debt Service Tax Rate of $1.05 on the 2024 Certified Taxable Assessed Valuation	$ 3,699,007
Debt Service Tax Rate of $0.90 on the Estimated Taxable Assessed Valuation as of June 1, 2024	$ 3,711,496

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2023 taxes per $100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdictions	2023 Tax Rate Per $100 of A.V.
The District	$ 0.900000
Brazoria County	0.270664
Alvin Independent School District	1.192300
Alvin Community College District	0.151264
City of Manvel, Texas	0.560000
Brazoria County ESD No. 3	0.077385
Brazoria County Drainage District No. 5	0.100472
Brazoria County Road and Bridge Fund	0.043284
Total	$ 3.295369

Historical Tax Collections

Tax Year	Assessed Valuation	Tax Rate Per $100 (a)	Adjusted Levy	% of Collections Current Year	For the Current Year Ended September 30	% of Collections as of 06/30/2024
2019	$ 2,002,407	0.775	$ 15,519	100.00%	2020	100.00%
2020	3,328,706	0.805	26,796	100.00%	2021	100.00%
2021	21,434,763	0.900	192,913	98.92%	2022	100.00%
2022	98,156,134	0.900	883,405	97.91%	2023	99.36%
2023	264,835,688	0.900	2,383,521	96.96%	2024	96.96%

(a) Tax rate per $100 of taxable value. See "Tax Rate Distribution" below.

Tax Rate Distribution

	2023	2022	2021	2020	2019
Utility System Debt Service	$ 0.500	$ 0.670	$ -	$ -	$ -
Road System Debt Service	0.300	-	-	-	-
Maintenance & Operations	0.100	0.230	0.900	0.805	0.775
Total	$ 0.900	$ 0.900	$ 0.900	$ 0.805	$ 0.775

Taxable Assessed Valuation Summary

The following represents the types of property comprising the District assessed taxable value for each of the 2019-2023 tax years.

Type of Property	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation
Land	$ 86,039,631	$ 31,710,616	$ 19,883,292	$ 3,697,514	$ 3,581,922
Improvements	241,822,713	105,326,930	32,660,840	203,190	203,190
Personal Property	1,469,630	738,080	110,700	-	-
Exemptions	(64,496,286)	(39,619,492)	(31,220,069)	(571,998)	(1,782,705)
Total	$ 264,835,688	$ 98,156,134	$ 21,434,763	$ 3,328,706	$ 2,005,407

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2023 tax year.

Taxpayer	Assessed Taxable Valuation 2023 Tax Roll	% of Tax Roll
Perry Homes LLC (a)	$ 10,604,749	4.00%
Drees Custom Homes LP (a)	6,662,655	2.52%
GR-M1 LTD (b)	6,647,947	2.51%
Chesmar Homes LLC (a)	4,153,052	1.57%
Shea Homes Houston LLC (a)	2,773,280	1.05%
Enclave Serenity LLC	2,217,460	0.84%
Westin Homes and Properties LP	1,802,870	0.68%
Gracemark Homes-Meridiana (a)	1,742,440	0.66%
DFH Coventry LLC (a)	1,710,758	0.65%
Weekley Homes LLC (a)	1,696,840	0.64%
Total	$ 40,012,051	15.11%

(a) See "PRINCIPAL LANDOWNERS/DEVELOPER – Homebuilders within the District."

(b) See "PRINCIPAL LANDOWNERS/DEVELOPER."

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal 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 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 (except for information under the subheadings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and 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 various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the 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 subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

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 "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District and the Initial Purchaser with respect to matters solely within the knowledge of the District 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 are **NOT** "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except for the subheading "– Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2024. The District will provide the updated information to the MSRB.

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 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 March 31. Accordingly, it must provide updated information by the last day in September in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

During the past five years, the District is in compliance in all material respects with its previous continuing disclosure undertakings made pursuant to SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT – Description," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM" has been provided by Edminster, Hinshaw, Russ and Associates, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest, Inc.'s authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, 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 notify the District in writing 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 (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 56 as of the date shown on the cover page.

/s/ ______________________
President, Board of Directors
Brazoria County Municipal Utility District No. 56

ATTEST:

/s/ ______________________
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 56

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 56

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2024

Table of Contents

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

Independent Auditor's Report

Board of Directors
Brazoria County Municipal Utility District No. 56
Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 56 (the "District"), as of and for the year ended March 31, 2024, 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 Brazoria County Municipal Utility District No. 56, as of March 31, 2024, 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.

Board of Directors
Brazoria County Municipal Utility District No. 56
Brazoria County, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
July 11, 2024

(This page intentionally left blank)

Management's Discussion and Analysis

(This page intentionally left blank)

Using this Annual Report

Within this section of the financial report of Brazoria County Municipal Utility District No. 56 (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 March 31, 2024. 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.

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 March 31, 2024, was negative $22,126,816. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to the City of Manvel. A comparative summary of the District's overall financial position, as of March 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	$ 4,776,725	$ 3,342,482
Capital assets	69,183,794	46,748,338
Total assets	73,960,519	50,090,820
Current liabilities	7,420,553	4,035,160
Long-term liabilities	88,666,782	75,093,271
Total liabilities	96,087,335	79,128,431
Net position		
Net investment in capital assets	(1,339,564)	(5,805,691)
Restricted	2,632,137	1,665,514
Unrestricted	(23,419,389)	(24,897,434)
Total net position	$ (22,126,816)	$ (29,037,611)

The total net position of the District increased during the current fiscal year by $6,910,795. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	$ 2,425,415	$ 912,336
Water and sewer service	822,937	382,762
Other	482,357	659,650
Total revenues	3,730,709	1,954,748
Expenses		
Current service operations	1,404,481	1,194,996
Debt interest and fees	1,677,192	685,841
Developer interest	1,302,759	1,876,742
Debt issuance costs	1,469,760	1,386,028
Depreciation	1,712,386	973,218
Total expenses	7,566,578	6,116,825
Change in net position before other item	(3,835,869)	(4,162,077)
Other items		
Capital contribution	12,267,910	
Changes in estimate of due to developer		4,925,958
Transfers to other governments	(1,521,246)	(4,236,454)
Change in net position	6,910,795	(3,472,573)
Net position, beginning of year	(29,037,611)	(25,565,038)
Net position, end of year	$ (22,126,816)	$ (29,037,611)

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2024, were $3,629,016, which consists of $617,145 in the General Fund, $2,759,244 in the Debt Service Fund, $269,499 in the Capital Projects Fund and negative $16,872 in the Joint Water Plant Fund.

General Fund

A comparative summary of the General Fund's financial position as of March 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 1,032,655	$ 630,588
Total liabilities	$ 402,656	$ 223,459
Total deferred inflows	12,854	16,226
Total fund balance	617,145	390,903
Total liabilities, deferred inflows and fund balance	$ 1,032,655	$ 630,588

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

	2024	2023
Total revenues	$ 1,486,942	$ 1,238,115
Total expenditures	(1,276,593)	(1,257,123)
Revenues over/(under) expenditures	210,349	(19,008)
Other changes in fund balance	15,893	13,696
Net change in fund balance	$ 226,242	$ (5,312)

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, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. 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. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Service revenues from the provision of water and sewer services are dependent upon customer usage.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of March 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 2,885,068	$ 1,755,321
Total liabilities	$ 19,859	$ 2,886
Total deferred inflows	105,965	52,968
Total fund balance	2,759,244	1,699,467
Total liabilities, deferred inflows and fund balance	$ 2,885,068	$ 1,755,321

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

	2024	2023
Total revenues	$ 2,182,040	$ 652,359
Total expenditures	(1,522,082)	(517,476)
Revenues over expenditures	659,958	134,883
Other changes in fund balance	399,819	1,564,584
Net change in fund balance	$ 1,059,777	$ 1,699,467

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of March 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 269,499	$ 340,704
Total liabilities	$ -	$ 4,000
Total fund balance	269,499	336,704
Total liabilities and fund balance	$ 269,499	$ 340,704

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

	2024	2023
Total revenues	$ 12,102	$ 2,400
Total expenditures	(15,830,603)	(16,674,182)
Revenues under expenditures	(15,818,501)	(16,671,782)
Other changes in fund balance	15,751,296	17,005,080
Net change in fund balance	$ (67,205)	$ 333,298

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

Joint Water Plant Fund

The Joint Water Plant Fund was created to account for the operating and maintenance costs of a joint water plant in accordance with the District's contract with Brazoria County Municipal District No. 55 (See Note 12). A comparative summary of the Joint Water Plant Fund's financial position as of March 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 94	$ 834
Total liabilities	$ 16,966	$ 15,343
Total fund balance	(16,872)	(14,509)
Total liabilities and fund balance	$ 94	$ 834

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

	2024	2023
Total revenues	$ -	$ -
Total expenditures	(2,363)	(9,350)
Revenues under expenditures	$ (2,363)	$ (9,350)

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 $42,223 less than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer 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 March 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	$ 11,198,558	$ 9,660,964
Capital assets being depreciated		
Infrastructure	49,454,720	39,112,382
Recreational facilities	12,267,910	
	61,722,630	39,112,382
Less accumulated depreciation		
Infrastructure	(3,123,998)	(2,025,008)
Recreational facilities	(613,396)	
	(3,737,394)	(2,025,008)
Depreciable capital assets, net	57,985,236	37,087,374
Capital assets, net	$ 69,183,794	$ 46,748,338

Capital asset additions during the current year include the following:

- Wastewater Treatment Plant Phase 1 to 0.3999 MGD
- Pursley Boulevard Phase 4 and 5 - utilities
- Lift Station No. 2
- Lift Station No.1 Phase 2
- Meridiana Section 54B - utilities
- Detention Basin L-2, Detention Basin O-2 Phase 2, and Detention Basin K-2 Phase 1
- Adventure Cove recreational facilities

Additionally, the City of Manvel assumes responsibility for road facilities constructed within the boundaries of the District. Accordingly, these 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. The estimated cost is true-up when the developer is reimbursed. For the year ended

March 31, 2024, capital assets in the amount of $1,521,246 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of March 31, 2024, the District owes approximately $54,114,007 to its developer for completed projects. 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 7, the District has an additional commitment in the amount of $1,890,500 for projects under construction by the developer. 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 March 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2022	$ 13,415,000	$ 13,415,000
2022 Road	7,790,000	7,790,000
2023 Road	4,885,000	
2023	8,715,000	
	$ 34,805,000	$ 21,205,000

During the current year, the District issued $4,885,000 in unlimited tax road bonds and $8,715,000 in unlimited tax bonds. At March 31, 2024, the District had $119,185,000 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; $32,240,000 for parks and recreational facilities and the refunding of such bonds; and $49,250,000 for road improvements and refunding of such bonds.

During the current year, the District issued a $6,028,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

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 water/sewer services and the projected cost of operating the District and providing services to customers.

A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2024 Actual	2025 Budget
Total revenues	$ 1,486,942	$ 1,467,148
Total expenditures	(1,276,593)	(1,170,694)
Revenues over expenditures	210,349	296,454
Other changes in fund balance	15,893	
Net change in fund balance	226,242	296,454
Beginning fund balance	390,903	617,145
Ending fund balance	$ 617,145	$ 913,599

Property Taxes

The District's property tax base increased approximately $123,248,000 for the 2024 tax year from $264,835,688 to $388,083,733, based on preliminary values. This increase was primarily due to new construction in the District and increased property values.

(This page intentionally left blank)

Basic Financial Statements

Brazoria County Municipal Utility District No. 56
Statement of Net Position and Governmental Fund Balance Sheet
March 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Water Plant Fund	Total
Assets					
Cash	$ 346,087	$ 181,152	$ 7,067	$ 94	$ 534,400
Investments	465,826	2,609,335	317,300		3,392,461
Taxes receivable	12,854	105,965			118,819
Customer service receivables, net	80,466				80,466
Internal balances	66,252	(11,384)	(54,868)		
Other receivables	19,062				19,062
Prepaid items	42,108				42,108
Prepaid bond insurance, net					
Capital assets not being depreciated					
Capital assets, net					
Total Assets	$ 1,032,655	$ 2,885,068	$ 269,499	$ 94	$ 4,187,316
Liabilities					
Accounts payable	$ 172,942	$ -	$ -	$ 13,466	$ 186,408
Other payables	1,222	19,859			21,081
Customer deposits	164,775			3,500	168,275
Unearned revenue	63,717				63,717
Accrued interest payable					
Bond anticipation note payable					
Due to developer					
Long-term debt					
Due within one year					
Due after one year					
Total Liabilities	402,656	19,859		16,966	439,481
Deferred Inflows of Resources					
Deferred property taxes	12,854	105,965			118,819
Fund Balance/Net Position					
Fund Balance					
Nonspendable	42,108				42,108
Restricted		2,759,244	269,499		3,028,743
Unassigned	575,037			(16,872)	558,165
Total Fund Balances	617,145	2,759,244	269,499	(16,872)	3,629,016
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,032,655	$ 2,885,068	$ 269,499	$ 94	$ 4,187,316
Net Position					
Net investment in capital assets					
Restricted for debt service					
Unrestricted					
Total Net Position					

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 534,400
	3,392,461
	118,819
	80,466
	19,062
	42,108
589,409	589,409
11,198,558	11,198,558
57,985,236	57,985,236
69,773,203	73,960,519
	186,408
	21,081
	168,275
	63,717
233,072	233,072
6,028,000	6,028,000
54,114,007	54,114,007
720,000	720,000
34,552,775	34,552,775
95,647,854	96,087,335
(118,819)	
(42,108)	
(3,028,743)	
(558,165)	
(3,629,016)	
(1,339,564)	(1,339,564)
2,632,137	2,632,137
(23,419,389)	(23,419,389)
$ (22,126,816)	$ (22,126,816)

Brazoria County Municipal Utility District No. 56
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Water Plant Fund	Total
Revenues					
Water service	$ 481,660	$ -	$ -	$ -	$ 481,660
Sewer service	341,277				341,277
Property taxes	266,679	2,066,056			2,332,735
Penalties and interest	21,751	21,304			43,055
Groundwater pumpage fees	3,483				3,483
Tap connection and inspection	313,831				313,831
Miscellaneous	41,723				41,723
Investment earnings	16,538	94,680	12,102		123,320
Total Revenues	1,486,942	2,182,040	12,102		3,681,084
Expenditures/Expenses					
Current service operations					
Professional fees	255,787		81,843		337,630
Contracted services	423,153	40,457		600	464,210
Repairs and maintenance	354,606				354,606
Utilities	101,745				101,745
Administrative	130,685	3,072		1,763	135,520
Other	10,617		153		10,770
Capital outlay			12,877,673		12,877,673
Debt service					
Interest and fees		1,478,553	98,415		1,576,968
Developer interest			1,302,759		1,302,759
Debt issuance costs			1,469,760		1,469,760
Depreciation					
Total Expenditures/Expenses	1,276,593	1,522,082	15,830,603	2,363	18,631,641
Revenues Over/(Under) Expenditures/Expenses	210,349	659,958	(15,818,501)	(2,363)	(14,950,557)
Other Financing Sources/(Uses)					
Proceeds from sale of bonds		399,819	13,200,181		13,600,000
Proceeds from bond anticipation note			6,028,000		6,028,000
Bond premium			194,008		194,008
Repayment of bond anticipation note			(3,655,000)		(3,655,000)
Internal transfers	15,893		(15,893)		
Other Items					
Capital contribution					
Transfers to other governments					
Net Change in Fund Balance	226,242	1,059,777	(67,205)	(2,363)	1,216,451
Change in Net Position					
Fund Balance/Net Position					
Beginning of the year	390,903	1,699,467	336,704	(14,509)	2,412,565
End of the year	$ 617,145	$ 2,759,244	$ 269,499	$ (16,872)	$ 3,629,016

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 481,660
	341,277
44,909	2,377,644
4,716	47,771
	3,483
	313,831
	41,723
	123,320
49,625	3,730,709
	337,630
	464,210
	354,606
	101,745
	135,520
	10,770
(12,877,673)	
100,224	1,677,192
	1,302,759
	1,469,760
1,712,386	1,712,386
(11,065,063)	7,566,578
11,114,688	(3,835,869)
(13,600,000)	
(6,028,000)	
(194,008)	
3,655,000	
12,267,910	12,267,910
(1,521,246)	(1,521,246)
(1,216,451)	
6,910,795	6,910,795
(31,450,176)	(29,037,611)
$ (25,755,832)	$ (22,126,816)

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Brazoria County Municipal Utility District No. 56 (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, (TCEQ) dated August 16, 2007, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 54. The District was granted road powers on August 28, 2007 pursuant to Article III, Section 52 of the Texas Constitution.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage and park and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension 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 four 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's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage and road facilities.
- The Joint Water Plant Fund is used to account for operations and maintenance of the District's joint water plant facilities during the term in which the District provides interim water supply to Brazoria County Municipal Utility District No. 55. See Note 12 for more information.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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, interest earned on investments and income from District operations. 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 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.

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset unless a legal right of offset exists. At March 31, 2024, an allowance of $21,000 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 consist of water, wastewater and drainage facilities, are depreciated using the straight-line method for 45 years. The District's detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Unassigned - all other spendable amounts in the General Fund 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 value of unbilled utility revenues and 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 Manvel 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.

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 3,629,016
Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government wide statements.		589,409
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 72,921,188	
Less accumulated depreciation	(3,737,394)	
Change due to capital assets		69,183,794
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(35,272,775)	
Bond anticipation note payable	(6,028,000)	
Interest payable on bonds	(233,072)	
Change due to long-term debt		(41,533,847)
Amounts due to the District's developer for prefunded construction are recorded as a liability in the *Statement of Net Position.*		(54,114,007)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		118,819
Total net position - governmental activities		$ (22,126,816)

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

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities*

Net change in fund balance - total governmental funds		$ 1,216,451
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		49,625
Governmental funds report capital outlays for developer reimbursements 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. Road facilities are transferred to the City of Manvel upon completion of construction.		
Capital outlays	$ 12,877,673	
Depreciation expense	(1,712,386)	
Transfers to other governments	(1,521,246)	9,644,041
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	(13,600,000)	
Bond anticipation note proceeds	(6,028,000)	
Repayment of bond anticipation note	3,655,000	
Bond premium	(194,008)	
Interest expense accrual	(100,224)	(16,267,232)
The value of recreational facilities conveyed to the District do not provide financial resrouces in the governmental funds; but result in an increase to net position in *Statement of Activities.* Since these improvements will be funded by another governmental entity, their value is recognized as a capital contribution. (Note 14)		12,267,910
Change in net position of governmental activities		$ 6,910,795

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.

Investments

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

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

As of March 31, 2024, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 465,826		
	Debt Service	2,609,335		
	Capital Projects	317,300		
Total		$ 3,392,461	AAAm	35 days

Note 3 – Deposits and Investments (continued)

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

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 March 31, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 11,384	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	54,868	Bond isssuance costs paid by the General Fund

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	$ 15,893	Reimbursement of bond application fees paid by General Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended March 31, 2024, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 9,660,964	$ 1,537,594	$ 11,198,558
Capital assets being depreciated			
Infrastructure	39,112,382	10,342,338	49,454,720
Recreational facilities		12,267,910	12,267,910
	39,112,382	22,610,248	61,722,630
Less accumulated depreciation			
Infrastructure	(2,025,008)	(1,098,990)	(3,123,998)
Recreational facilities		(613,396)	(613,396)
	(2,025,008)	(1,712,386)	(3,737,394)
Subtototal depreciable capital assets, net	37,087,374	20,897,862	57,985,236
Capital assets, net	$ 46,748,338	$ 22,435,456	$ 69,183,794

Depreciation expense for the current fiscal year was $1,712,386.

Note 6 – Bond Anticipation Note

The District issued a bond anticipation note ("BAN") to provide short-term financing for reimbursements to its developer. Despite its short-term nature, a BAN is not recorded as a fund liability since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $3,655,000 with an interest rate of 5.20%. This BAN was repaid on June 29, 2023, with proceeds from the issuance of the District's Series 2023 Unlimited Tax Bonds.

On December 20, 2023, the District issued a $6,028,000 BAN with an interest rate of 5.62%, which is due on December 18, 2024. This BAN will be repaid subsequent to year end. See Note 16 for additional information.

Note 6 – Bond Anticipation Note (continued)

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	$ 3,655,000
Amounts borrowed	6,028,000
Amounts repaid	(3,655,000)
Ending balance	$ 6,028,000

Note 7 – Due to Developers

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer 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.

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

Due to developer, beginning of year	$ 53,594,502
Developer reimbursements	(12,881,673)
Developer funded construction and adjustments	13,401,178
Due to developer, end of year	$ 54,114,007

In addition, the District will owe the developers approximately $1,890,500, 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	Percent Completed
Meridiana Section 34A - utilities	$ 1,890,500	0%

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$	34,805,000
Unamortized premium		467,775
	$	35,272,775
Due within one year	$	720,000

The District's bonds payable at March 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022	$ 13,415,000	$ 13,415,000	4.25% - 6.75%	September 1, 2024/2047	September 1, March 1	September 1, 2028
2022 Road	7,790,000	7,790,000	4.375% - 6.00%	September 1, 2024/2047	September 1, March 1	September 1, 2028
2023 Road	4,885,000	4,885,000	4.00% - 6.50%	September 1, 2024/2047	September 1, March 1	May 1, 2029
2023	8,715,000	8,715,000	4.00% - 6.50%	September 1, 2024/2047	September 1, March 1	July 1, 2029
	$ 34,805,000					

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

At March 31, 2024, the District had authorized but unissued bonds in the amount of $119,185,000 for water, sewer and drainage facilities and refunding purposes; $32,240,000 for park and recreational facilities and refunding purposes; and $49,250,000 for road improvements and refunding purposes.

On May 26, 2023, the District issued its $4,885,000 Series 2023 Unlimited Tax Road Bonds at a net effective interest rate of 4.366915%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

On June 29, 2023, the District issued its $8,715,000 Series 2023 Unlimited Tax Bonds at a net effective interest rate of 4.489589%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $3,655,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

Note 8 – Long-Term Debt (continued)

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

Bonds payable, beginning of year	$	21,205,000
Bonds issued		13,600,000
Bonds payable, end of year	$	34,805,000

As of March 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	$ 720,000	$ 1,637,405	$ 2,357,405
2026	830,000	1,587,031	2,417,031
2027	880,000	1,531,475	2,411,475
2028	915,000	1,474,130	2,389,130
2029	960,000	1,415,250	2,375,250
2030	1,010,000	1,353,574	2,363,574
2031	1,060,000	1,289,659	2,349,659
2032	1,105,000	1,224,044	2,329,044
2033	1,165,000	1,161,906	2,326,906
2034	1,225,000	1,106,555	2,331,555
2035	1,275,000	1,052,557	2,327,557
2036	1,340,000	997,002	2,337,002
2037	1,410,000	939,509	2,349,509
2038	1,475,000	878,993	2,353,993
2039	1,545,000	815,451	2,360,451
2040	1,625,000	748,757	2,373,757
2041	1,710,000	678,199	2,388,199
2042	1,790,000	603,469	2,393,469
2043	1,880,000	523,779	2,403,779
2044	1,975,000	439,010	2,414,010
2045	2,065,000	349,832	2,414,832
2046	2,170,000	256,019	2,426,019
2047	2,280,000	157,243	2,437,243
2048	2,395,000	53,269	2,448,269
	$ 34,805,000	$ 22,274,118	$ 57,079,118

Note 9 – Property Taxes

On November 6, 2007, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. Additionally, on May 10, 2008, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing road maintenance costs limited to $0.25 per $100 of assessed values.

Note 9 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Brazoria County 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 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of $0.90 per $100 of assessed value, of which $0.10 was allocated to maintenance and operations, $0.50 was allocated to debt service and $0.30 for road debt service. The resulting tax levy was $2,383,522 on the adjusted taxable value of $264,835,688.

Note 10 – Transfers to Other Governments

The City of Manvel assumes responsibility for the maintenance of public roads constructed within the District's boundaries. Accordingly, road facilities are considered to be capital assets of the City of Manvel, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended March 31, 2024, the District recorded transfers to other governments in the amount of $1,521,246 for road facilities constructed by the developer within the District.

Note 11 – Shared Financing Agreement

On March 1, 2011, the District entered into a Shared Financing Agreement (the "Agreement") with the City of Manvel Texas (the "City"), Reinvestment Zone Number Three (the "Zone"), South Manvel Development Authority (the "Authority") and Brazoria County Municipal Utility District No 57 ("MUD 57") for the purpose of constructing TIRZ Projects which include various public works and improvements.

The Authority and the District agree to assist the City and the Zone in the implementation of the TIRZ Projects and in the funding, ownership, operation and maintenance of the TIRZ Projects. The District will act as Project Manager for the TRIZ projects set out in the Agreement and will give written notice to the Authority Board before initiating the design or construction of a TIRZ project for approval. Upon completion of TIRZ Project construction, the project shall be conveyed to the responsible party as stated in the Agreement.

For any year in which the City collects or receives Tax Increment, the City will pay such Tax Increment to the Authority. For any year, the Authority receives payments from the City, in the amount of Project Costs to be paid from Tax Increment by the Authority ("TIRZ Share") to the District is the percentage of the actual project costs set out in the Agreement. The District will begin to receive TIRZ Share payments no later than thirty days prior to the fall principal and interest payment date subsequent to the District issuance of bonds.

Note 11 – Shared Financing Agreement (continued)

The term of the Agreement will expire on the later of January 1 in the year following completion of the TIRZ plan or the date that the Developer has been repaid in full for all eligible project costs. As of March 31, 2024, certain projects in the Zone have been completed and the District is in the process of submitting documentation for reimbursement. The amount of reimbursement is not known as of fiscal year end.

Note 12 – Interconnect and Interim Water Supply Agreement

On April 11, 2019, the District approved the Second Amended and Restated Interconnect and Interim Water Supply Agreement (the "Agreement") with Brazoria County Municipal Utility District ("MUD 55."). The District has agreed to provide MUD 55 with interim water supply up to a maximum of 1,000 equivalent single-family connections ("ESFC") until MUD 55 has constructed sufficient capacity within its system to serve the area within its boundaries. On November 9, 2023, the District approved the First Amendment to the Agreement to reduce the water supply to a maximum of 500 ESFCs during the interim term.

Pursuant to the Agreement, each District shall pay its proportionate share of the operation and maintenance expenditures. MUD 55 is responsible for the construction of the joint water facilities and the District shall reimburse MUD 55 for the construction costs related to the District's water line no later than January 31, 2023. During the prior year, the District reimbursed MUD 55 for its share of the construction costs. Additionally, BC 55 assigned the District all rights, maintenance bonds, warranties and manufacturer's warranties, if any, owned or acquired by MUD 55 for the District's portion of the water line.

Pursuant to the agreement, the District has established the Joint Water Plant Fund, a special revenue fund, to account for activities related to the operation and maintenance of the Joint Water Plant. Each District shall pay its proportionate share of the operation and maintenance expenditures. The term of the agreement is 40 years.

Note 13 – Interim Wastewater Capacity Supply Agreement

On March 9, 2023, the District approved the Second Amended and Restated Interim Wastewater Capacity Supply Agreement with MUD 55. Pursuant to the agreement, MUD 55 agrees to provide the District wastewater capacity supply during the time the District is constructing its wastewater treatment plant. Each district is billed for its proportionate share of maintenance and operating expenditures based on the active equivalent single-family connections. The term of this agreement is 40 years. As of March 31, 2024, the District has not been billed for any such costs.

Note 14 – Cost-Sharing Agreement

On June 8, 2023, the District entered into a Cost-Sharing Agreement with MUD 55 and Brazoria County Municipal Utility District No. 57 ("MUD 57") to address the maintenance and operation of recreational facilities at Adventure Cove. Pursuant to the agreement, the District will have ownership of the facilities, but all parties will be responsible for a share of repair and maintenance costs based on their pro rata share of the combined active connections of all participating districts. The District will establish a Joint Recreational Facilities Account, which is to be used exclusively for the payment of certain maintenance and operation expenses related to Adventure Cove. Each of the participating districts will make an initial deposit of $20,000 to provide initial funding to the Joint Recreational Facilities Account. As of March 31, 2024, the Joint Recreational Facilities Account has not been established. During the current year, the District paid $54,991 for Adventure Cove insurance expenses.

During the current year, GR-M1, LTD, conveyed the Adventure Cove recreational facilities to the District for maintenance and operation. The construction cost of the facilities is $12,267,910, which will be financed by the Zone. The District has no liability or financial obligation for the cost of the facilities. As a result, the District has recorded a capital contribution in the amount of $12,267,910.

Note 15 – 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 16 – Subsequent Events

Amendment to Interconnect and Interim Water Supply Agreement

On April 11, 2024, the District approved the Second Amendment to the Second Amended and Restated Interconnect Agreement (the "Agreement") with MUD 55. The Agreement was amended to remove the provision for interim water supply. The District and MUD 55 agree to supply water to each other in the event of an emergency at a rate of $1.25 per 1,000 gallons based on the receiving district's average daily usage. The term of the agreement is 40 years.

Issuance of Debt

On May 16, 2024, the District approved a preliminary official statement and notice of sale for its Series 2024 Unlimited Tax Bonds in the amount of $11,900,000. The acceptance of bids and award of sale is scheduled for July 26, 2024. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developer."

Required Supplementary Information

Brazoria County Municipal Utility District No. 56
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 315,000	$ 481,660	$ 166,660
Sewer service	198,000	341,277	143,277
Property taxes	232,148	266,679	34,531
Penalties and interest	16,000	21,751	5,751
Groundwater pumpage fees		3,483	3,483
Tap connection and inspection	400,000	313,831	(86,169)
Miscellaneous		41,723	41,723
Investment earnings	5,000	16,538	11,538
Total Revenues	1,166,148	1,486,942	320,794
Expenditures			
Current service operations			
Professional fees	154,000	255,787	(101,787)
Contracted services	354,200	423,153	(68,953)
Repairs and maintenance	265,000	354,606	(89,606)
Utilities	20,000	101,745	(81,745)
Administrative	76,483	130,685	(54,202)
Other	28,000	10,617	17,383
Total Expenditures	897,683	1,276,593	(378,910)
Revenues Over Expenditures	268,465	210,349	(58,116)
Other Financing Sources			
Internal transfers		15,893	15,893
Net Change in Fund Balance	268,465	226,242	(42,223)
Fund Balance			
Beginning of the year	390,903	390,903	
End of the year	$ 659,368	$ 617,145	$ (42,223)

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.

(This page intentionally left blank)

Texas Supplementary Information

Brazoria County Municipal Utility District No. 56
TSI-1. Services and Rates
March 31, 2024

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

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

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

[ ] Other (Specify): ______

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:	$ 28.80	10,000	N	$ 2.60	10,001	to	20,000
				$ 3.15	20,001	to	25,000
				$ 3.95	25,001	to	no limit
Wastewater:	$ 28.80	10,000	N	$ 1.35	10,001	to	20,000
				$ 1.60	20,001		25,000
				$ 1.80	25,001	to	no limit
Groundwater reduction	$ 0.03	1,000	Y	$ 0.03	1,001	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 29.10 Wastewater $ 28.80

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	262	259	x 1.0	259
1"	678	673	x 2.5	1,683
1.5"			x 5.0	
2"	9	9	x 8.0	72
3"	1	1	x 15.0	15
4"			x 25.0	
6"	1	1	x 50.0	50
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	952	944		2,159
Total Wastewater	929	921	x 1.0	921

See accompanying auditor's report.

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

Gallons pumped into system:*	123,511,400	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	123,511,400	100.00%

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

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

5. Location of District

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: Brazoria County

Is the District located within a city? Entirely ☒ Partly ☐ Not at all ☐

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

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

Entirely ☐ Partly ☐ Not at all ☒

ETJs in which the District is located: ____________

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? ____________

*Purchased from Brazoria County MUD 55

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-2 General Fund Expenditures
For the Year Ended March 31, 2024

Professional fees	
Legal	$ 138,788
Audit	23,000
Engineering	93,999
	255,787
Contracted services	
Bookkeeping	18,000
Operator	75,772
Tap connection and inspection	329,381
	423,153
Repairs and maintenance	354,606
Utilities	101,745
Administrative	
Directors fees	16,347
Printing and office supplies	41,174
Insurance	58,947
Other	14,217
	130,685
Other	10,617
Total expenditures	$ 1,276,593

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-3. Investments
March 31, 2024

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 465,826
Debt Service			
TexSTAR	Variable	N/A	1,900,095
TexSTAR	Variable	N/A	709,240
			2,609,335
Capital Projects			
TexSTAR	Variable	N/A	64,253
TexSTAR	Variable	N/A	253,047
			317,300
Total - All Funds			$ 3,392,461

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-4. Taxes Levied and Receivable
March 31, 2024

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 16,226	$ 47,255	$ -	$ 63,481
Adjustments to Prior Year Tax Levy	(1,506)	(4,372)		(5,878)
Adjusted Receivable	14,720	42,883		57,603
2023 Original Tax Levy	255,187	1,275,934	765,561	2,296,682
Adjustments	9,649	48,244	28,947	86,840
Adjusted Tax Levy	264,836	1,324,178	794,508	2,383,522
Tax collections:				
Current year	253,417	1,267,083	760,250	2,280,750
Prior years	13,285	38,700		51,985
Total Collections	266,702	1,305,783	760,250	2,332,735
Taxes Receivable, End of Year	$ 12,854	$ 61,278	$ 34,258	$ 108,390
Taxes Receivable, By Years				
2023	$ 11,419	$ 57,095	$ 34,258	$ 102,772
2022	1,435	4,183		5,618
Taxes Receivable, End of Year	$ 12,854	$ 61,278	$ 34,258	$ 108,390

	2023	2022	2021	2020
Property Valuations:				
Land	$ 86,039,631	$ 31,710,616	$ 19,883,292	$ 3,697,514
Improvements	241,822,713	105,326,930	32,660,840	203,190
Personal Property	1,469,630	738,080	110,700	
Exemptions	(64,496,286)	(39,619,492)	(31,220,069)	(571,998)
Total Property Valuations	$ 264,835,688	$ 98,156,134	$ 21,434,763	$ 3,328,706
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.10	$ 0.23	$ 0.90	$ 0.805
Debt service tax rates	0.50	0.67		
Road Tax Rate	0.30			
Total Tax Rates per $100 Valuation	$ 0.90	$ 0.90	$ 0.90	$ 0.805
Adjusted Tax Levy:	$ 2,383,522	$ 883,405	$ 192,913	$ 26,796
Percentage of Taxes Collected to Taxes Levied **	95.69%	99.36%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 6, 2007
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2008
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
March 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 345,000	$ 649,475	$ 994,475
2026	355,000	625,850	980,850
2027	370,000	601,381	971,381
2028	385,000	575,900	960,900
2029	400,000	549,406	949,406
2030	415,000	521,900	936,900
2031	435,000	493,213	928,213
2032	450,000	463,344	913,344
2033	470,000	435,819	905,819
2034	490,000	413,069	903,069
2035	510,000	391,819	901,819
2036	530,000	369,718	899,718
2037	550,000	346,768	896,768
2038	570,000	322,969	892,969
2039	595,000	298,213	893,213
2040	620,000	272,394	892,394
2041	645,000	245,110	890,110
2042	670,000	216,343	886,343
2043	695,000	186,484	881,484
2044	725,000	155,422	880,422
2045	750,000	123,156	873,156
2046	780,000	89,688	869,688
2047	815,000	54,797	869,797
2048	845,000	18,484	863,484
	$ 13,415,000	$ 8,420,722	$ 21,835,722

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
March 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 170,000	$ 376,837	$ 546,837
2026	180,000	366,337	546,337
2027	190,000	355,238	545,238
2028	195,000	344,662	539,662
2029	210,000	334,537	544,537
2030	220,000	323,787	543,787
2031	230,000	312,537	542,537
2032	240,000	300,788	540,788
2033	255,000	288,412	543,412
2034	270,000	275,287	545,287
2035	280,000	261,538	541,538
2036	295,000	248,084	543,084
2037	315,000	234,741	549,741
2038	330,000	220,425	550,425
2039	345,000	205,238	550,238
2040	365,000	189,263	554,263
2041	385,000	172,388	557,388
2042	405,000	154,613	559,613
2043	425,000	134,875	559,875
2044	450,000	113,000	563,000
2045	470,000	90,000	560,000
2046	495,000	65,875	560,875
2047	520,000	40,500	560,500
2048	550,000	13,750	563,750
	$ 7,790,000	$ 5,422,712	$ 13,212,712

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
March 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 35,000	$ 216,800	$ 251,800
2026	115,000	211,925	326,925
2027	125,000	204,125	329,125
2028	130,000	195,837	325,837
2029	135,000	187,225	322,225
2030	145,000	178,124	323,124
2031	150,000	169,287	319,287
2032	155,000	160,900	315,900
2033	165,000	153,337	318,337
2034	175,000	146,537	321,537
2035	180,000	139,437	319,437
2036	190,000	132,038	322,038
2037	200,000	124,237	324,237
2038	210,000	116,037	326,037
2039	220,000	107,437	327,437
2040	230,000	98,438	328,438
2041	245,000	88,938	333,938
2042	255,000	78,938	333,938
2043	270,000	68,438	338,438
2044	280,000	57,438	337,438
2045	295,000	45,938	340,938
2046	310,000	33,838	343,838
2047	325,000	20,935	345,935
2048	345,000	7,116	352,116
	$ 4,885,000	$ 2,943,300	$ 7,828,300

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
March 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 170,000	$ 394,293	$ 564,293
2026	180,000	382,919	562,919
2027	195,000	370,731	565,731
2028	205,000	357,731	562,731
2029	215,000	344,082	559,082
2030	230,000	329,763	559,763
2031	245,000	314,622	559,622
2032	260,000	299,012	559,012
2033	275,000	284,338	559,338
2034	290,000	271,662	561,662
2035	305,000	259,763	564,763
2036	325,000	247,162	572,162
2037	345,000	233,763	578,763
2038	365,000	219,562	584,562
2039	385,000	204,563	589,563
2040	410,000	188,662	598,662
2041	435,000	171,763	606,763
2042	460,000	153,575	613,575
2043	490,000	133,982	623,982
2044	520,000	113,150	633,150
2045	550,000	90,738	640,738
2046	585,000	66,618	651,618
2047	620,000	41,011	661,011
2048	655,000	13,919	668,919
	$ 8,715,000	$ 5,487,384	$ 14,202,384

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
March 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 720,000	$ 1,637,405	$ 2,357,405
2026	830,000	1,587,031	2,417,031
2027	880,000	1,531,475	2,411,475
2028	915,000	1,474,130	2,389,130
2029	960,000	1,415,250	2,375,250
2030	1,010,000	1,353,574	2,363,574
2031	1,060,000	1,289,659	2,349,659
2032	1,105,000	1,224,044	2,329,044
2033	1,165,000	1,161,906	2,326,906
2034	1,225,000	1,106,555	2,331,555
2035	1,275,000	1,052,557	2,327,557
2036	1,340,000	997,002	2,337,002
2037	1,410,000	939,509	2,349,509
2038	1,475,000	878,993	2,353,993
2039	1,545,000	815,451	2,360,451
2040	1,625,000	748,757	2,373,757
2041	1,710,000	678,199	2,388,199
2042	1,790,000	603,469	2,393,469
2043	1,880,000	523,779	2,403,779
2044	1,975,000	439,010	2,414,010
2045	2,065,000	349,832	2,414,832
2046	2,170,000	256,019	2,426,019
2047	2,280,000	157,243	2,437,243
2048	2,395,000	53,269	2,448,269
	$ 34,805,000	$ 22,274,118	$ 57,079,118

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-6. Change in Long-Term Bonded Debt
March 31, 2024

	Bond Issue		
	Series 2022	Series 2022 Road	Series 2023 Road
Interest rate	4.25% - 6.75%	4.375% - 6.00%	4.00% - 6.50%
Dates interest payable	9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1
Maturity dates	9/1/24 - 9/1/47	9/1/24 - 9/1/47	9/1/24 - 9/1/47
Beginning bonds outstanding	$ 13,415,000	$ 7,790,000	$ -
Bonds issued			4,885,000
Ending bonds outstanding	$ 13,415,000	$ 7,790,000	$ 4,885,000
Interest paid during fiscal year	$ 661,119	$ 381,938	$ 166,480

Paying agent's name and city	
Series 2022	BOK Financial, NA, Dallas, Texas
All other Series	Regions Bank, an Alabama banking corporation, Houston, Texas

Bond Authority:	Water, Sewer and Drainage Bonds and Refunding	Parks and Recreational Facilities Bonds and Refunding	Road Bonds and Refunding
Amount Authorized by Voters	$ 141,315,000	$ 32,240,000	$ 61,925,000
Amount Issued	(22,130,000)		(12,675,000)
Remaining To Be Issued	$ 119,185,000	$ 32,240,000	$ 49,250,000

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

Debt Service Fund cash and investment balances as of March 31, 2024:	$ 2,790,487
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,378,297

See accompanying auditors' report.

Bond Issue	
Series 2023	Totals
4.00% - 6.50%	
9/1 ; 3/1	
9/1/24 - 9/1/47	
$ -	$ 21,205,000
8,715,000	13,600,000
$ 8,715,000	$ 34,805,000
$ 268,767	$ 1,478,304

Brazoria County Municipal Utility District No. 56
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Water service	$ 481,660	$ 223,600	$ 105,659	$ 43,122	$ 625
Sewer service	341,277	159,162	82,876	25,692	383
Property taxes	266,679	218,192	185,795	26,796	15,519
Penalties and interest	21,751	14,500	5,033	907	
Tap connection and inspection	313,831	578,471	431,731	91,001	
Groundwater pumpage fees	3,483	1,718	560	171	3
Impact fees					697,444
Miscellaneous	41,723	37,418	17,355	5,677	110
Investment earnings	16,538	5,054	101	529	233
Total Revenues	1,486,942	1,238,115	829,110	193,895	714,317
Expenditures					
Current service operations					
Professional fees	255,787	328,177	272,935	184,700	127,459
Contracted services	423,153	479,292	316,938	102,144	15,952
Repairs and maintenance	354,606	216,752	182,058	54,205	23,040
Utilities	101,745	43,244			137
Administrative	130,685	81,669	44,687	29,520	15,909
Other	10,617	13,119	17,193	6,764	2,501
Capital contribution					137,820
Capital outlay		94,870			
Total Expenditures	1,276,593	1,257,123	833,811	377,333	322,818
Revenues Over/(Under) Expenditures	$ 210,349	$ (19,008)	$ (4,701)	$ (183,438)	$ 391,499
Total Active Retail Water Connections	944	629	332	89	3
Total Active Retail Wastewater Connections	921	611	319	86	1

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
33%	18%	13%	23%	*
23%	13%	10%	13%	*
18%	18%	22%	14%	2%
1%	1%	1%	*	
21%	47%	52%	47%	
*	*	*	*	*
				98%
3%	3%	2%	3%	*
1%	*	*	*	*
100%	100%	100%	100%	100%
17%	27%	33%	95%	18%
28%	39%	38%	53%	2%
24%	18%	22%	28%	3%
7%	3%			*
9%	7%	5%	15%	2%
1%	1%	2%	3%	*
				19%
	8%			
86%	103%	100%	194%	44%
14%	(3%)	-	(94%)	56%

Brazoria County Municipal Utility District No. 56
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2024	2023	2024	2023
Revenues				
Property taxes	$ 2,066,056	$ 614,756	96%	95%
Penalties and interest	21,304	3,014	1%	*
Miscellaneous		950		*
Investment earnings	94,680	33,639	4%	5%
Total Revenues	2,182,040	652,359	101%	100%
Expenditures				
Tax collection services	43,529	22,731	2%	3%
Debt service				
Interest and fees	1,478,553	494,745	68%	76%
Total Expenditures	1,522,082	517,476	70%	79%
Revenues Over Expenditures	$ 659,958	$ 134,883	31%	21%

*Percentage is negligible

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended March 31, 2024

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):	April 13, 2023
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Lance E. Taylor	05/20 - 05/24	$ 4,878	$ 1,806	President
Michael Albrecht	05/22 - 05/26	2,589	801	Vice President
Tamu Williams	05/20 - 05/24	5,699	2,675	Secretary
Sandra Harrell	04/23 - 05/26	2,147	273	Assistant Vice President
David Rivera	05/22 - 05/26	1,034	156	Assistant Secretary

Consultants		Amounts Paid	Title at Year End
Allen Boone Humphries Robinson, LLP	2007		Attorney
General legel fees		$ 144,041	
Bond counsel fees		365,185	
Si Environmental, LLC	2019	930,403	Operator
Myrtle Cruz, Inc.	2007	30,455	Bookkeeper
Assessments of the Southwest, Inc.	2019	17,905	Tax Collector
Brazoria County Appraisal District	Legislation	14,921	Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2007	5,769	Delinquent Tax Attorney
Edminster Hinshaw Russ and Associates, Inc.	2019	216,292	Engineer
McGrath & Co., PLLC	2020	37,975	Auditor
Robert W. Baird & Co., Inc.	2019	276,171	Financial Advisor

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

See accompanying auditors' report.

Brazoria County Municipal Utility District No. 56

Road Tax Rate Analysis

Includes the Proposed $5,155,000 Unlimited Tax Road Bonds, Series 2024 - 4.75% Interest Rate

Includes 6 Months of Capitalized Interest at 4.75%

No-Growth beyond the June 1, 2024 Estimate of Value

Year Ending 12/31	Beginning Fund Balance as of 05/16/2024	Fund Interest Earnings @ 1.000%	Proposed Capitalized Interest	Other Income	Prior Year Taxable AV	AV Growth Percentage	Tax Rate / $100 of AV	Tax Collections @ 98.00%	Total Funds Available	Current Debt Service	Proposed Debt Service	Total Debt Service	Ending Balance	Debt Service Coverage %
2024	725,784	4,536	122,431	-	264,835,688		-	-	852,751	504,938		504,938	347,814	31.061%
2025	347,814	3,478	-	-	389,553,363	47.092%	0.300000	1,145,287	1,496,579	882,400	237,381	1,119,781	376,798	29.929%
2026	376,798	-	-	-	434,093,060	11.434%	0.300000	1,276,234	1,653,032	884,125	374,863	1,258,988	394,044	31.567%
2027	394,044	-	-	-	434,093,060		0.300000	1,276,234	1,670,278	874,600	373,688	1,248,288	421,991	33.795%
2028	421,991	-	-	-	434,093,060		0.300000	1,276,234	1,698,224	876,400	372,275	1,248,675	449,549	35.885%
2029	449,549	-	-	-	434,093,060		0.300000	1,276,234	1,725,783	877,125	375,625	1,252,750	473,033	37.988%
2030	473,033	-	-	-	434,093,060		0.300000	1,276,234	1,749,266	871,700	373,500	1,245,200	504,066	40.713%
2031	504,066	-	-	-	434,093,060		0.300000	1,276,234	1,780,300	866,950	371,138	1,238,088	542,212	43.553%
2032	542,212	-	-	-	434,093,060		0.300000	1,276,234	1,818,446	871,425	373,538	1,244,963	573,484	45.786%
2033	573,484	-	-	-	434,093,060		0.300000	1,276,234	1,849,717	877,075	375,463	1,252,538	597,180	48.025%
2034	597,180	-	-	-	434,093,060		0.300000	1,276,234	1,873,413	871,575	371,913	1,243,488	629,926	50.455%
2035	629,926	-	-	-	434,093,060		0.300000	1,276,234	1,906,159	875,375	373,125	1,248,500	657,659	52.248%
2036	657,659	-	-	-	434,093,060		0.300000	1,276,234	1,933,893	884,869	373,863	1,258,731	675,162	53.490%
2037	675,162	-	-	-	434,093,060		0.300000	1,276,234	1,951,395	888,088	374,125	1,262,213	689,183	54.535%
2038	689,183	-	-	-	434,093,060		0.300000	1,276,234	1,965,416	889,838	373,913	1,263,750	701,666	55.304%
2039	701,666	-	-	-	434,093,060		0.300000	1,276,234	1,977,900	895,513	373,225	1,268,738	709,162	55.536%
2040	709,162	-	-	-	434,093,060		0.300000	1,276,234	1,985,396	904,888	372,063	1,276,950	708,446	55.426%
2041	708,446	-	-	-	434,093,060		0.300000	1,276,234	1,984,680	907,763	370,425	1,278,188	706,492	54.867%
2042	706,492	-	-	-	434,093,060		0.300000	1,276,234	1,982,726	914,338	373,313	1,287,650	695,076	53.975%
2043	695,076	-	-	-	434,093,060		0.300000	1,276,234	1,971,309	917,288	370,488	1,287,775	683,534	52.955%
2044	683,534	-	-	-	434,093,060		0.300000	1,276,234	1,959,768	918,588	372,188	1,290,775	668,993	51.601%
2045	668,993	-	-	-	434,093,060		0.300000	1,276,234	1,945,227	923,288	373,175	1,296,463	648,764	49.921%
2046	648,764	-	-	-	434,093,060		0.300000	1,276,234	1,924,998	926,138	373,450	1,299,588	625,410	47.751%
2047	625,410	-	-	-	434,093,060		0.300000	1,276,234	1,901,644	936,731	373,013	1,309,744	591,900	159.172%
2048	591,900	-	-	-	434,093,060		0.300000	1,276,234	1,868,134		371,863	371,863	1,496,271	0.000%
Totals		**8,014**	**122,431**	-				**30,498,660**		**21,041,013**	**8,817,606**	**29,858,618**		
						Average Tax Rate:	**0.288000**							

EXHIBIT B
CONSENT CONDITIONS

(a) The District may issue bonds, including refunding bonds, only for the purpose of purchasing, refinancing, designing and constructing, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, drainage facilities, and fire, parks and recreational facilities, and streets and thoroughfares, or parts of such systems or facilities, and to make any and all necessary purchases, constructions, improvements, extensions, additions, and repairs thereto, and to purchase or acquire all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities therefor, and to operate and maintain same, and to sell water, sanitary sewer, and other services within or without the boundaries of the District. No bonds will be issued with a final maturity date more than 25 years from the date of issuance, and the first principal maturity must occur within three years of the date of issuance. The Bonds shall have level debt service requirements. Level debt service shall mean that during the period beginning with the calendar year of the first principal payment on a bond issue and ending in the calendar year of the final scheduled maturity of said issue, the spread from the greatest debt service in a calendar year during said period to the least debt service in a calendar year during said period shall not be more than $15,000. The intent may be demonstrated by submitting a proposed Notice of Sale and estimated bid using the proposed maturity pattern that shows coupons, interest and total debt service requirements that meets the required standard above to the City for prior approval. Having shown intent to comply by getting approval of the structure by the City in advance of advertising for sale will be sufficient in the event the actual results of a competitive sale return debt service payments that otherwise would not meet the standard of $15,000 difference between maximum and minimum annual debt service payments. Such bonds must provide that the District reserves the right to redeem said bonds on any date subsequent to the 10th anniversary of the date ofissuance (or any earlier date at the discretion of the District) without premium, and none of such bonds, other than refunding bonds, will be sold for less than 97 percent of par; provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given, and that bids for the bonds will be received not more than 45 days after notice of sale of the bonds is given. No bonds of the District may be issued without specific City consent if the City has given notice to the District that it intends to dissolve the District in accordance with applicable law within 120 or fewer days after such notice.

(b) Any refunding bonds of the District must provide for level debt service savings (annual savings must be approximately equal for each year with no more than $7,500 between the maximum and minimum savings per year), a minimum of three percent present value savings, and no maturity beyond the latest maturity of the refunded bonds, unless approved by the City in writing prior to the sale thereof.

(c) Before the commencement of any construction within the District, its directors, officers, or developers and landowners will submit to the City, or to its designated representative, all plans and specifications for the construction of water, sanitary sewer and drainage facilities to serve the District and obtain the approval of such plans and specifications. All water wells, water meters, flushing valves, valves, pipes, and appurtenances thereto, installed or used within the District, will conform to the standard specifications of the City. All water service lines and sewer service lines, lift stations, and appurtenances thereto, installed or used within the District will comply with the City's standard plans and specifications as amended from time to time. The construction of the District's water, sanitary sewer, and drainage facilities will be in accordance with the approved plans and specifications and with applicable standards and specifications of the City; and during the progress of the construction and installation of such facilities, the City may make periodic on-the-ground inspections.

(d) Before the expenditure by the District of bond proceeds for the acquisition, construction or development of recreational facilities, the District shall obtain and maintain on file, from a registered landscape architect, registered professional engineer or a design professional allowed by law to engage in architecture, a certification that the recreational facilities, as constructed, conform to the applicable recreational facilities design standards and specifications of the City of Manvel and shall submit a copy of the certification and the "as built" plans and specifications for such recreational facilities to the City of Manvel.

(e) Before the expenditure by the District of bond proceeds for the acquisition; construction or development of facilities for fire-fighting and/or public safety services, the District shall obtain and maintain on file, from a registered architect, registered professional engineer or a design professional allowed by law to engage in facility design and construction, a certification that the facilities for fire-fighting and/or public safety services, as constructed, conform to the applicable fire-fighting facilities design standards and specifications of the City of Manvel and shall submit a copy of the certification and the "as built" plans and specifications for such facilities for fire fighting and/or public safety services to the City of Manvel.

(f) The District will agree to engage a sewage plant operator holding a valid certificate of competency issued under the direction of the Texas Commission on Environmental Quality, or such successor agency as the legislature may establish ("TCEQ"), as required by Section 26.0301, Texas Water Code, as may be amended from time to time. The District will agree to make periodic analyses of its discharge pursuant to the provisions of Order No. 69-1219-1 of the Texas Water Quality Board (predecessor agency to the TCEQ) and further to send copies of all such effluent data to the City of Manvel as well as to the TCEQ. The District will agree that representatives of the City of Manvel may supervise the continued operations of the sewage treatment facility by making periodic inspections thereof.

(g) The District, its board of directors, officers, developers, and/or landowners will not permit the construction, or commit to any development within, the District that will result in a wastewater flow to the serving treatment facility which exceeds that facility's legally permitted average daily flow limitations or the District's allocated capacity therein.

(h) Prior to the sale of any lot or parcel of land, the owner or the developer of the land included within the limits of the District will obtain the approval of the City of Manvel of a plat which will be duly recorded in the Real Property Records of Brazoria County, Texas, and otherwise comply with the rules and regulations of the City of Manvel.

MANVEL CITY COUNCIL
DATA SHEET

MEETING DATE: 8/19/2024

TOPIC Proposal for Rotational Schedule of Acting City Manager Duties

Background:
The City Charter requires the appointment of an Acting City Manager in the event of the City Manager's absence or incapacity. Traditionally, this responsibility may be assigned to a single individual. However, following the example set by former City Manager Ron Cox, I propose a rotational approach that involves the entire Leadership Team.

This rotational method not only spreads the responsibility across multiple capable individuals but also allows for professional development and preparedness in assuming leadership roles. Each member of the Leadership Team will be afforded the opportunity to serve as Acting City Manager, thereby enhancing their leadership skills and fostering a collaborative environment.

Proposal:
I recommend that the City Council approve a six-month rotational schedule for the Acting City Manager role, as outlined below:

- **September 2024:** Rosie Donaire
- **October 2024:** Robbie Hall
- **November 2024:** Chad Dumont
- **December 2024:** Tammy Bell
- **January 2025:** Jose Abraham
- **February 2025:** Keith Traylor

Benefits of the Rotational Approach:
1. **Leadership Development:** Each member of the Leadership Team will have the opportunity to gain experience in the City Manager's role, preparing them for future responsibilities.

2. **Enhanced Team Cohesion:** Rotating the Acting City Manager role fosters a sense of shared responsibility and strengthens the collaborative spirit within the Leadership Team.

3. **Continuity of Operations:** The rotation ensures that there is always a qualified individual prepared to assume the City Manager's duties, providing stability and continuity of operations.

Conclusion:
This proposal aligns with the City's commitment to leadership development and operational excellence. I believe that this rotational approach will benefit both the City and the members of the Leadership Team. I respectfully request that the City Council approve the proposed six-month rotation schedule for the Acting City Manager role.

FUNDING ISSUES

___ Not applicable

SUBMITTING STAFF MEMBER City Manager	FINANCE DIRECTOR APPROVAL _______ CITY MANAGER APPROVAL _______

MANVEL
CITY COUNCIL
DATA SHEET

MEETING DATE: August 19, 2024

TOPIC: Consideration and possible action on the 10th Amendment to the Development Agreement for Sedona Lakes.

BACKGROUND: A request has been received for the 10th Amendment to the Development Agreement for Sedona Lakes, by Ashton Houston Residential, LLC, to revise the Master Plan to allow three amendments to the existing agreement.

Summary of Changes:

1. **Detention pond in phases**: this amendment would allow the northern detention pond, immediately south of Mustang Bayou, to be constructed in phases, so long as adequate detention is provided for each subsequent section.

2. **Temporary access to lift station:** A temporary access easement will be established to grant access to the lift station site, to be constructed with crushed concrete or other suitable material. A twenty-foot (20') maintenance berm will also be provided, that Brazoria County Drainage District No. 4 shall have access to via a Shared Maintenance Berm Agreement.

3. **Maintenance Berm:** The developer proposes a modification to allow for a 20-foot maintenance berm along the detention ponds. This proposal meets all requirements of the Design Criteria Manual and will allow adequate maintenance of the detention ponds.

Staff recognizes these proposed amendments enable the development to continue in a phased approach in a reasonable way that protects the citizens and allows for the detention to operate as needed for development.

STAFF RECOMMENDATION: Staff recommends approval of the 10th Amendment to the Development Agreement for Sedona Lakes.

ATTACHMENTS: Master Concept Plan, Concept Plan, Phased Construction Plan, Tenth Amendment to the Development Agreement

FUNDING ISSUES

_X_ Not applicable
___ Not budgeted
___ Full amount already budgeted
___ Funds to be transferred from Acct.#

SUBMITTING STAFF MEMBER	FINANCE DIRECTOR APPROVAL ______
Evan DuVall	CITY MANAGER APPROVAL __________

TENTH AMENDMENT TO
AMENDED AND RESTATED DEVELOPMENT AGREEMENT

This TENTH AMENDMENT TO AMENDED AND RESTATED DEVELOPMENT AGREEMENT (the "Tenth Amendment"), is made and entered into as of _____________, 2024 (the "Effective Date"), by and between the CITY OF MANVEL, TEXAS, a municipal corporation and home-rule city of the State of Texas (the "City"); Ashton Houston Residential, LLC, a Texas limited liability company (the "Developer"); and SEDONA LAKES MUNICIPAL UTILITY DISTRICT NO. 1 OF BRAZORIA COUNTY, a body politic and corporate and a governmental agency of the State of Texas organized under the provisions of Article XVI, Section 59 of the Texas Constitution (the "District).

RECITALS

WHEREAS, the City and Marlin Atlantis White, Ltd. (the "Original Developer"), on behalf of the District, entered into that certain Development Agreement dated November 27, 2006 (the "Original Agreement");

WHEREAS, the District was heretofore duly created by Order of the Texas Commission on Environmental Quality (the "TCEQ") dated February 22, 2008, within the City's extraterritorial jurisdiction ("ETJ") over the land proposed to be developed by the Developer (the "Land"), for the purposes of, among other matters, providing water supply and distribution, wastewater collection and treatment, and drainage facilities to serve development occurring within the District;

WHEREAS, as contemplated in the Original Agreement and pursuant to a Resolution adopted by the Board of Directors of the District on May 14, 2008, the District ratified the Original Agreement and accepted all rights, obligations, and duties of the Original Developer contained in the Original Agreement applicable to the Land;

WHEREAS, the Original Developer assigned its rights and obligations under the Original Agreement to MA Sedona Lakes, LP ("MASL") by that certain Amended and Restated Development Agreement dated June 8, 2009 (the "2009 Restated Agreement");

WHEREAS, the City, MASL and the District amended the 2009 Restated Agreement by that certain First Amendment to Amended and Restated Development Agreement dated May 13, 2013 (the "2013 First Amendment");

WHEREAS, MASL assigned its rights and obligations under the Original Agreement, the 2009 Restated Agreement and the 2013 First Amendment to WSLD Sedona Lakes VI, L.P. ("Landeavor") by that certain Assignment and Assumption of

Amended and Restated Development Agreement dated May 15, 2013 (the "2013 Assignment"); and

WHEREAS, the City, Landeavor and the District next amended the 2009 Restated Agreement by that certain Second Amendment to Amended and Restated Development Agreement dated May 11, 2015 (the "2015 Second Amendment"); and

WHEREAS, the City, Landeavor and the District entered into that certain Third Amendment to Amended and Restated Development Agreement dated April 25, 2016 (the "2016 Third Amendment");

WHEREAS, the City, Landeavor and the District entered into that certain Fourth Amendment to Amended and Restated Development Agreement dated May 9, 2016 (the "2016 Fourth Amendment"); and

WHEREAS, the City, the Landeavor and the District entered into that certain Fifth Amendment to Amended and Restated Development Agreement and REVISED Fifth Amendment to Amended and Restated Development Agreement dated July 25, 2016 (the "2016 Fifth Amendments") and Sixth Amendment to Amended and Restated Development Agreement dated November 14, 2016; and

WHEREAS, the City, Landeavor and the District entered into that certain Seventh Amendment to Amended and Restated Development Agreement dated March 5, 2018 (the "2018 Seventh Amendment); and

WHEREAS, the City, Landeavor and the District entered into that certain Eighth Amendment to Amended and Restated Development Agreement dated October 1, 2018 (the "2018 Eighth Amendment); and

WHEREAS, the City, Developer and the District entered into that certain Ninth Amendment to Amended and Restated Development Agreement dated March 15, 2021 (the "2021 Ninth Amendment); and

WHEREAS, Developer plans to develop a single family residential community within the District; and

WHEREAS, the City, the Developer and the District desire to amend the provisions of the 2009 Restated Agreement, the 2013 First Amendment, the 2015 Second Amendment, the 2016 Third Amendment, 2016 Fourth Amendment, 2016 Fifth amendment, 2016 Sixth Amendment (revised November 14, 2016), 2018 Seventh Amendment, 2018 Eighth Amendment, and the 2021 Ninth Amendment (collectively, the "Development Agreement"), as stated herein.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the City, Developer and the District agree as follows:

Section 1. Development Plan.

Section 3.04(a) is amended and restated as follows:

(a) Pursuant to Section **62-39** of the Subdivision Ordinance, because the Land is a large tract comprising more than 50 acres intended to be subdivided as additional units in the same subdivision, the Developer has submitted a revised master preliminary plan (the "Master Plan") showing the tentative layout of the proposed streets, blocks and drainage of the Land, attached hereto as Exhibit A. The Master Plan is hereby approved by the City Council of the City. No significant change to the Land may be made unless consistent with the then-currently approved Master Plan. For purposes of Section 62-39 of the Subdivision Ordinance, a change shall not be considered to be a "significant change" under such Section if (i) made to facilitate changes in regulatory requirements relating to drainage and floodplain, to provide access points for future expansion of the Land, or the development of adjacent property, or such other design changes as will not alter the overall concept and plan of the Master Plan, and (ii) does not increase the density of land use shown in the Master Plan (including increasing the number of proposed lots shown on the Master Plan by no more than ten percent), or decrease the number of ingress and egress points out of the Development as shown on the Master Plan. Significant changes to the Master Plan shall be authorized by action of the City Council of the City.

The Master Plan is amended and restated as shown in Exhibit A to this Tenth Amendment, dated herewith.

Section 2. Detention Ponds

Section 5.02 (d) is amended to add a new paragraph as follows:

- The City agrees that (i) the northern detention pond , immediately south of Mustang Bayou shown on the Master Plan (the "Northern Detention Pond") may be constructed in phases, provided that the required detention is available for the respective phase of development; (ii) 20-foot maintenance berms for detention ponds that serve the Land shall be allowed; and (iii) that the District and Brazoria County Drainage District No. 4 may enter into a Shared Maintenance Berm Agreement for that portion of land between Mustang Bayou and the

Northern Detention Pond without any further consent by the City to such agreement.

Section 3. Access to Lift Station Site

Section 5.06 is amended to add a new paragraph as follows:

Notwithstanding the foregoing, the parties agree that temporary access to the lift station site identified on the Master Plan as L.S. (the "Lift Station Site") is permitted provided that there is a temporary access easement granted to the District that automatically terminates upon approval and construction of public right-of-way providing access to the Lift Station Site. Said temporary access road shall be constructed with crushed concrete or other suitable material to provide all weather access to the Lift Station Site.

Section 4. Reference to Previous Amendments.

The previously approved documents and sections regarding (1) minimum lot size, (2) lot width, and (3) all maintenance responsibilities shall remain in full force and effect .

Section 5. Ratification.

The parties ratify the Development Agreement and confirm it is a valid agreement presently enforceable against the parties in accordance with its terms. The parties are not aware of any default by any party to the Development Agreement. Except as revised hereby, the Development Agreement shall continue in effect as written.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment in multiple copies, each of equal dignity, as of the date first given above.

CITY:

THE CITY OF MANVEL, TEXAS

By: ______________________________
Dan Davis, Mayor

ATTEST:

____
Tammy Bell, City Secretary

(SEAL)

THE STATE OF TEXAS §

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on the ____ day of _______________, 2024, by Dan Davis, as Mayor of the City of Manvel, Texas, on behalf of said City of Manvel.

____
Notary, State of Texas

(NOTARY SEAL)

DEVELOPER:

Ashton Houston Residential, LLC
By: ___________________________
Name: ________________________
Title: _________________________

THE STATE OF ______ §

COUNTY OF ________ §

This instrument was acknowledged before me on the ____ day of _______________, 2024, by _______________________, as authorized representative of Ashton Houston Residential, LLC, a ___________ limited liability company, on behalf of said entity.

____
Notary, State of ________

(NOTARY SEAL)

DISTRICT:

SEDONA LAKES MUNICIPAL UTILITY DISTRICT NO. 1 OF BRAZORIA COUNTY

By: ______________________________
Name:______________________________
Title:______________________________

(SEAL)

THE STATE OF TEXAS §

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on the ____ day of _______________, 2024, by _______________________, as President of Sedona Lakes Municipal Utility District No. 1 of Brazoria County, a political subdivision of the State of Texas, on behalf of said political subdivision.

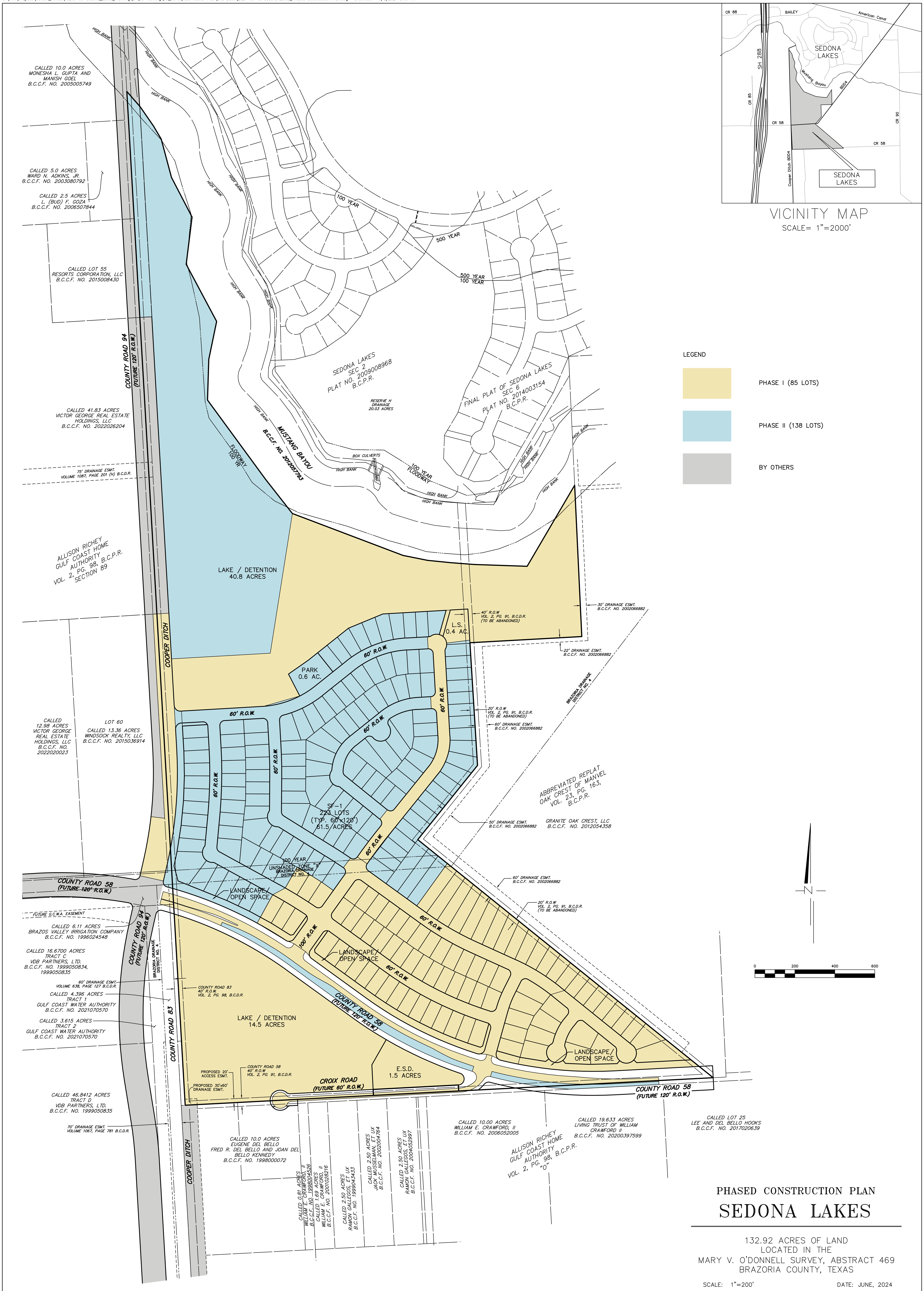
____
Notary, State of Texas

(NOTARY SEAL)

Exhibit A

EXHIBIT A

Master Plat



PHASED CONSTRUCTION PLAN

SEDONA LAKES

132.92 ACRES OF LAND
LOCATED IN THE
MARY V. O'DONNELL SURVEY, ABSTRACT 469
BRAZORIA COUNTY, TEXAS

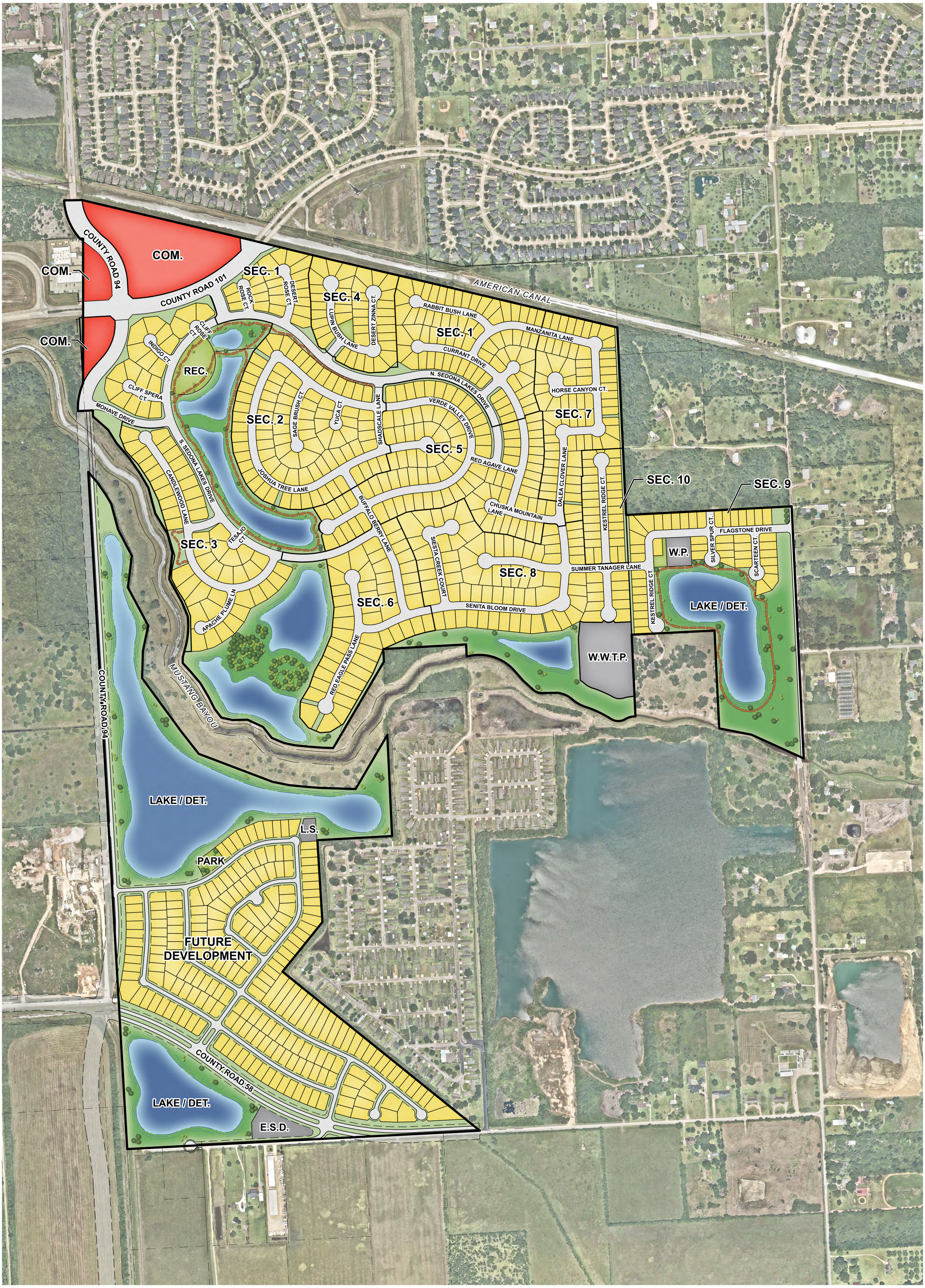
SCALE: 1"=200'

DATE: JUNE, 2024

OWNER:
ASHTON HOUSTON RESIDENTIAL LLC
4920 WESTWAY PARK BOULEVARD
HOUSTON, TX. 77041
832-528-2806
ATTN: JUNIOUS WILLIAMS

LAND PLANNER:
BGE, INC.
10777 WESTHEIMER, SUITE 500
HOUSTON, TX 77042
281-558-8700

BGE, Inc.
10777 Westheimer, Suite 500, Houston, TX 77042
Tel: 281-558-8700 • www.bgeinc.com
TBPE Registration No. F-1046
TBPLS Licensed Surveying Firm No. 101065-00



CONCEPTUAL LAND USE PLAN

SEDONA LAKES

±450.2 ACRES OF LAND

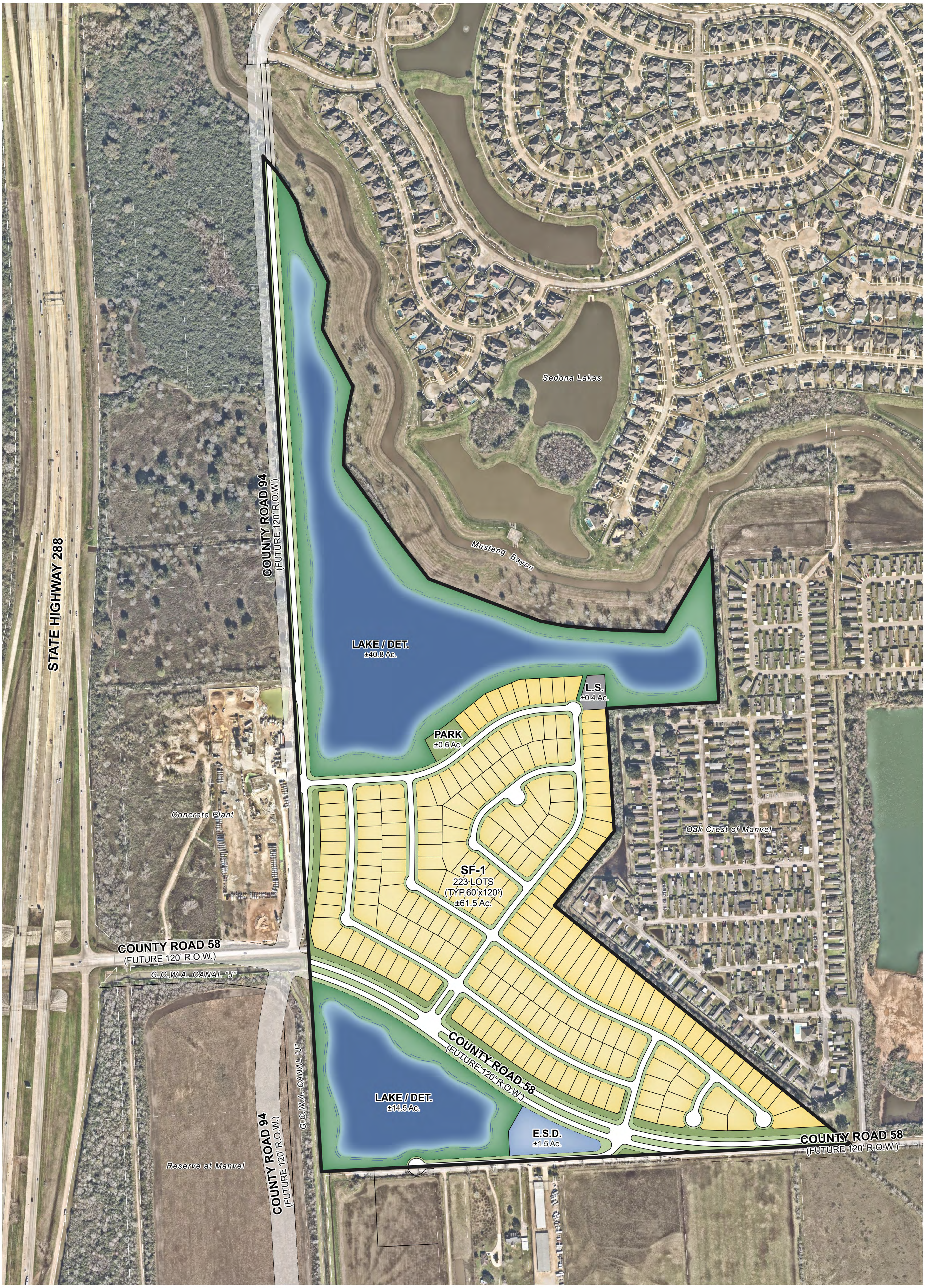
BRAZORIA COUNTY, TEXAS

MAY 30, 2024

BGE #10200

BGE, Inc.
10777 Westheimer, Suite 500
Houston, TX 77042
Tel: 281-558-8700
www.bgeinc.com

0 150 300 600



CONCEPTUAL LAND USE PLAN

SEDONA LAKES

±132.9 ACRES OF LAND

MANVEL, TEXAS

APRIL 25, 2024

BGE #10200

BGE, Inc.
10777 Westheimer, Suite 500
Houston, TX 77042
Tel: 281-558-8700
www.bgeinc.com

0 100 200 400

C. Lighting and glare.

(i) *Prohibited.* It shall be unlawful for any person to cause or permit to be energized on property under his possession or control any lighting, including, but not limited to, spotlights, floodlights or similar illuminating devices which project a glare or brightness, in excess of the standards described below, directly or indirectly upon any lot, tract, or parcel of land, other than that upon which such lighting is situated, which shall annoy, disturb, injure or endanger the comfort, repose, health, peace or safety of others, within the limits of the city.

(ii) *Permitted.* All lighting in the city consisting of spotlights, floodlights, or similar illuminating devices shall be installed, hooded, regulated and maintained by the owner or person in control thereof in such a manner that the direct beam of any such light shall be oriented so that it will not glare upon any lot, tract, or parcel of land other than that upon which it is situated and so that it will not cause or permit any illumination from direct or indirect lighting in, on, or over the ground at or beyond the boundary of the lot, parcel, or tract above the following levels:

1.One footcandle where the adjacent development is zoned for nonresidential uses.

2. Twenty-five hundredths (0.25) footcandle where the adjacent development is zoned for residential uses.

(iii) *Shielding required.* All exterior light sources visible to pedestrian or vehicular off-premises traffic are required to be shielded, except as provided below, so that the light source is not visible to said pedestrian or vehicular traffic. Lights elevated on standards, for example in parking areas, shall be side-shielded on pedestrian or off-premises vehicular travel sides. Lighting mounted on low standards (such as bollard lights) is the preferred method for illuminating smaller parking areas and walkways.

(iv) *Exceptions.*

(1) Unshielded lighting facing pedestrian or off-premises vehicular sides of the property shall be permitted, provided the light source is not in excess of 1,700 lumens.

(2) Historical-style or architectural lighting visible to pedestrian or vehicular off-premises traffic shall be permitted, provided that the fixture or fixtures does not cause or permit any illumination in, on, or over the ground at or beyond the boundary of the lot, parcel, or tract above the following levels:

a. One footcandle where the adjacent development is zoned for nonresidential uses.

b.Twenty-five hundredths (0.25) footcandle where the adjacent development is zoned for residential uses.

(3) *Common developments.* The maximum footcandle allowed at an interior lot line shall not exceed five footcandles. Each phase of development must comply with lighting requirements applicable to exterior lot lines.

(v) *Compliance required.* This appendix shall apply for all new facilities upon adoption and publication as required by law. All existing facilities with lighting in place on the date of adoption shall comply with the requirements herein within 24 months after the effective date of the ordinance from which this appendix is derived by installing shielding, redirecting lights, or other steps necessary for compliance. The commission may grant a one-time extension of up to an additional 24 months if the property owner or agent can demonstrate hardship, including undue expense related to the time requirement for facilities replacement. Further, existing publicly owned facilities shall be required to comply with the requirements herein at such time as the facilities undergo renovation to the exterior or where overall renovation exceed 50 percent of the costs of construction of the existing facilities. Welding, new construction and repairs of facilities shall be exempt from these regulations, provided, however, that no requirements will be imposed in derogation of federal or state safety and health regulations.

ARTICLE XI. LIGHT TRESPASS

Sec.XX_XXX. Title, purpose, and scope.

(a) *Title.* This article shall be known and cited as the "light trespass ordinance."

(b) *Purpose.* The purpose of this article is:

(1) To reduce glare and improve nighttime visibility which contributes to safer, more secure, and attractive outdoor living spaces;

(2) To encourage efficient, controlled lighting that conserves energy;

(3) To protect properties from light trespass;

(4) To have lights at night that are directed where light is wanted, are a warm color, and the appropriate amount of light.

(5) To prevent light at night from being wasted offsite, off property, or into the night sky.

(c) *Scope.*

(1) This article shall apply within the city limits, hereinafter referred to as "city."

Sec. ~~12-134~~XX_XXX. Definitions.

(a) The following definitions are hereby adopted for the purposes of this article:

Glare means visual discomfort or impairment caused by a bright source of light in a direction near one's line of sight.

Light source means a light emitting portion of the luminaire and any diffusing elements and surfaces intended to reflect or refract light emitted from the lamp individually or collectively, for example, a lamp, bulb, lens, highly reflective surface, or frosted glass.

Light trespass means light emitted from fixtures designed or installed in a manner that unreasonably causes light to fall on a property other than the one where the light is installed, in a motor vehicle drivers' eye, or upwards toward the sky. If the light appears star-like from another property or the public roadway, the light is creating light trespass. It is expected that the illumination produced by a light source may be viewed from other properties but the light source itself should not be visible from other properties. Exhibit 1 of section ~~12-137~~XX-XXX is a sample educational illustration about light trespass.

Sec. ~~12-135~~XX-XXX. General provisions.

(a) *Light trespass.*

(1) *Prohibited.* No light installed within the city limits, except governmental owned streetlights, shall create conditions of light trespass.

Sec. ~~12-136~~XX_XXX. Exemptions, amendments, enforcement, and public nuisance.

(a) *Exemptions.* This article shall not apply to the following:

(1) Lighting required by law to be installed on surface vehicles and aircraft;

(2) Airport lighting required by law;

(3) Lighting required by federal or state laws or regulations;

(4) Temporary emergency lighting needed by law enforcement, fire, and other emergency services as well as building egress lighting whose electric power is provided by either battery or generator;

(5) Lighting employed during emergency repairs of roads and utilities provided such lighting is deployed, positioned, and aimed such that the resulting glare is not directed toward any roadway or highway or residence;

(6) Temporary lighting at construction projects provided such lighting is deployed, positioned, and aimed such that the resulting glare is not directed toward any roadway or highway or residence;

(b) *Enforcement.*

(1) The city administrator is authorized to promulgate one or more interpretive documents to aid in the administration of, and compliance with, this article. Such interpretive documents, with examples such as exhibit 1 of section ~~12-137~~XX_XXX, shall be educational only and shall not constitute regulations, amendments, or exceptions.

(2) Violations.

a. The city shall have the power to administer and enforce the provisions of this article as may be required by governing law.

b. It shall be unlawful to install or operate any outdoor lighting luminaire in violation of any provision of this article. Any person violating any provision of this article shall be guilty of a class C misdemeanor.

c. Each and every day during which the illegal use of such lighting continues shall be considered to constitute a separate offense.

d. A reporting party of a light trespassing offense related to light trespassing on private property would need to be an owner, resident, or a legal representative of the owner or resident of the property that is being trespassed upon.

e. Any person who fails to comply with these provisions may be issued a warning notice.

(c) *Civil remedies.* Nothing in this article shall be construed as limiting the right of any person or entity to pursue legal action against any other person or entity under any applicable law, including the doctrine of light trespass.

(d) *Public nuisance.* Any violation of this article that results in light trespass or an unreasonable interference with the common and usual use of any other property is hereby declared to be a public nuisance.

Sec. ~~12-137~~XX_XXX. Exhibits.

Exhibit 1. Light Trespass