OFFICIAL STATEMENT DATED MAY 27, 2020

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 95. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (AGM Insured) .... "AA"
Moody's Investors Service, Inc. (AGM Insured) .... "A2"
Moody's Investors Service, Inc. (Underlying) ...."Baa2"

$2,595,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 95

(A Political Subdivision of the State of Texas Located within Montgomery County)

UNLIMITED TAX REFUNDING BONDS

SERIES 2020

Interest accrues from: June 1, 2020

Due: September 1, as shown on inside cover

The $2,595,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), are obligations of Montgomery County Municipal Utility District No. 95 (the "District"). Neither the faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable at maturity or earlier redemption by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest accrues from June 1, 2020, and is payable on March 1, 2021, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption, and will be calculated on the basis a 360-day year consisting of twelve 30-day months. The Bonds are fully registered bonds in denominations of $5,000 or any integral multiple thereof. See "THE BONDS" herein.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK–ENTRY ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC Participants. 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, as herein defined, directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe, or any entity other than the District. See "THE BONDS – Source and Security for Payment."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP**.

Investment in the Bonds is subject to certain investment considerations as described herein. Prospective purchasers of the Bonds should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 24, 2020.

SAMCO CAPITAL

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2021	$ 5,000	4.000%	1.170%	61370N JE4	2029	$ 165,000	4.000%	1.810%	61370N JN4
2022	10,000	4.000%	1.230%	61370N JF1	****	****	****	****	****
2023	120,000	4.000%	1.300%	61370N JG9	2032 (c)	190,000	2.000%	2.240%	61370N JR5
2024	125,000	4.000%	1.370%	61370N JH7	2033 (c)	195,000	2.000%	2.340%	61370N JS3
2025	135,000	4.000%	1.460%	61370N JJ3	2034 (c)	200,000	2.000%	2.380%	61370N JT1
2026	140,000	4.000%	1.590%	61370N JK0	2035 (c)	205,000	2.250%	2.430%	61370N JU8
2027	150,000	4.000%	1.690%	61370N JL8	2036 (c)	215,000	2.250%	2.470%	61370N JV6
2028	155,000	4.000%	1.750%	61370N JM6	2037 (c)	225,000	2.250%	2.520%	61370N JW4

$360,000 Term Bonds Due September 1, 2031 (c) (d), Interest Rate: 2.000% (Price: $98.907) (a), CUSIP No. 61370N JQ7 (b)

(a) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of, the Underwriter (defined herein) and may subsequently be changed. Accrued interest from June 1, 2020, is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The yield on Bonds maturing on and after September 1, 2030, is calculated to the lower of yield to redemption or maturity.

(d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056 upon payment of the costs for duplication thereof.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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 offering document.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. (referred to herein as the "Underwriter") has agreed to purchase the Bonds from the District for $2,663,369.60 (being the par amount of the Bonds, plus a net original issue premium on the Bonds of $96,557.10, and less an underwriter's discount of $28,187.50), plus accrued interest on the Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Bonds, if any Bonds are purchased.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE 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 in such other jurisdictions.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B" to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and

"A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At March 31, 2020:

- The policyholders' surplus of AGM was approximately $2,573 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $997 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange

Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this heading "MUNICIPAL BOND INSURANCE."

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of "A2" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody's as described above.

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 BONDS

The Issuer	Montgomery County Municipal Utility District No. 95 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
Description	The District's $2,595,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), mature on September 1 in the years and in the amounts set forth on the inside cover hereof. Interest accrues from June 1, 2020, and is payable March 1, 2021, and on each September 1 and March 1 thereafter until maturity or prior redemption. See "THE BONDS – General."
Redemption Provisions	Bonds maturing on or after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – General" and "THE BONDS – Redemption Provisions – *Optional Redemption*." The Bonds that mature on September 1, 2031, are term bonds that are also subject to the mandatory redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (hereinafter defined), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
Authority for Issuance	The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (the "Bond Order"); (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended and Chapter 1207, Texas Government Code, as amended; (iii) an election held within the District on May 10, 2008, and in accordance with Ordinance No. 1381-97 of the City of Conroe, Texas relating to refunding bonds issued by certain political subdivisions within the extraterritorial jurisdiction of the City of Conroe (the "Ordinance").
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District. See "THE BONDS – Source and Security for Payment."

Remaining Outstanding Bonds........................ The District has previously issued eight (8) series of bonds supported by the proceeds of a continuing direct ad valorem tax, unlimited as to rate or amount, levied annually by the District upon all taxable property located within the District. Of such series of bonds previously issued by the District, $29,630,000 principal amount of unlimited tax bonds will remain outstanding (the "Remaining Outstanding Bonds") following the refunding of the Refunded Bonds (hereinafter defined). See "PLAN OF FINANCING – Remaining Outstanding Bonds."

Payment Record.. The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.

Use of Proceeds .... Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to achieve a debt service savings by currently refunding $2,535,000 principal amount (the "Refunded Bonds") of the District's $3,300,000 Unlimited Tax Bonds, Series 2012. Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

Qualified Tax-Exempt Obligations .... The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."

Municipal Bond Insurance .... Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

Ratings... S&P Global Ratings (AGM insured) – "AA". Moody's Investors Service, Inc. (AGM insured) – "A2". Moody's (Underlying) – "Baa2". See "MUNICIPAL BOND INSURANCE" and "RATINGS."

Legal Opinions .... Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. See "LEGAL MATTERS."

Underwriter's Counsel .... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

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

Paying Agent/Registrar...................................... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Escrow Agent .... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Verification Agent .... Robert Thomas CPA, LLC, Minneapolis, Minnesota. See "THE DISTRICT – Special Consultants Related to Issuance of the Bonds" and "VERIFICATION OF MATHEMATICAL CALCULATIONS."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outlook (COVID-19) ...... The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United

States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

Such adverse economic conditions, if they continue, 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. 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.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

THE DISTRICT

Description .... The District was created by order of the Texas Commission on Environmental Quality ("TCEQ") on March 18, 2003, and operates pursuant to Chapters 49 and 54 of the Texas Water Code and the general laws of the State of Texas applicable to municipal utility districts. The District consists of approximately 781.50 acres of land. The District is located wholly within Montgomery County, Texas, approximately 30 miles north of the City of Houston Central Business District and approximately 7 miles south of the City of Conroe. The District lies approximately one mile east of Interstate Highway 45 on State Highway 242. The District is located within the extraterritorial jurisdiction of the City of Conroe and entirely within the boundaries of the Conroe Independent School District. See "THE DISTRICT – General" and "– Description."

Authority .... The rights, powers, privileges, authority, and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT – General."

The Developer .... 242, LLC (the "Developer") is a Texas limited liability company managed by Sam Yager Incorporated. See "THE DEVELOPER."

Status of Development .... To date, approximately 269.72 acres within the District have been developed as 898 single-family lots in the following single-family residential subdivisions: Harper's Preserve, Section 1 (74.5 acres, 202 lots); Harper's Preserve, Section 2 (29.5 acres, 98 lots); Harper's Preserve, Section 3 (5.2 acres, 27 lots); Harper's Preserve, Section 4 (40.7 acres, 95 lots); Harper's Preserve, Section 5 (12.2 acres, 40 lots); Harper's Preserve, Section 7 (13.30 acres, 37 lots) Harper's Preserve, Section 8 (5.5 acres, 11 lots); Harper's Preserve, Section 10 (4.9 acres, 24 lots); Harper's Preserve, Section 11 (19.8 acres, 71 lots); Harper's Preserve, Section 12 (11.9 acres, 57 lots); Harper's Preserve, Section 13A (7.3 acres, 31 lots); Harper's Preserve, Section 13B (9.4 acres, 40 lots); Harper's Preserve, Section 14 (8.6 acres, 44 lots); Harper's Preserve, Section 15 (7.5 acres, 44 lots); Harper's Preserve, Section 16A (1.4 acres, 8 lots); Harper's Preserve, Section 16B (4.5 acres, 18 lots) and Woodlake Village, Section 1 (13.5 acres, 51 lots). As of April 1, 2020, development within the District consisted of approximately 640 completed homes (approximately 600 occupied and approximately 40 unoccupied), approximately 25 homes under construction, and approximately 233 vacant, developed lots.

In addition, approximately 28.1 acres in the District have been developed as The Market at Harper's Preserve, a commercial retail center anchored by an H-E-B grocery store that opened in late 2019. The District also includes a CVS Pharmacy on approximately 3.5 acres and the following two multi-family residential properties on approximately 23.1 total acres: Harper's Retreat, a 216-unit project by Allied Properties, and The Heights at Harper's Preserve, a 328-unit complex by The Worthing Companies. The District also includes an amenity center with community pool, a barn with outdoor kitchen, playground, walking trails, lawn bowling and bocce ball greens, and horseshoe pits. Conroe Independent School District has constructed an elementary school on approximately 17.7 acres of land.

The remainder of the District consists of approximately 8.54 acres for certain roadways and approximately 215.65 undeveloped but developable acres and approximately 215.19 undevelopable acres consisting of: permanent floodplain and preservation easements (164.40 acres); drainage channel (41.19 acres); and other easements (9.60 acres). See "STATUS OF DEVELOPMENT."

Homebuilders Within the District.................. Homebuilders active within the District include Drees Custom Homes, J. Patrick Homes, Empire Homes, Chesmar Homes, HistoryMaker Homes, Plantation Homes and D.R. Horton. Prices of new homes being constructed within the District range from approximately $215,000 to in excess of $600,000. Homes range in size from approximately 1,500 square feet to more than 4,500 square feet. See "HOMEBUILDERS ACTIVE WITHIN THE DISTRICT."

Hurricane Harvey.. The Houston area, including Montgomery County, experienced historic levels of rainfall and widespread flooding following the landfall of Hurricane Harvey on August 25, 2017. According to the Engineer (herein defined), with the exception of minor erosion to one of the District's drainage channels, Hurricane Harvey caused no damage to the District's water, sanitary sewer and drainage facilities, and there was no interruption to water and sewer service in the District. Further, to the best knowledge of the Engineer, no homes in the District experienced structural flooding or other material damage. 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 hurricane, tornado, tropical storm, or other adverse weather event. See "INVESTMENT CONSIDERATIONS – Hurricane Harvey" and "– Potential Impact of Natural Disaster."

INVESTMENT CONSIDERATIONS

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

[Remainder of Page Intentionally Left Blank]

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2019 Taxable Assessed Valuation	$	232,091,563	(a)
2020 Preliminary Valuation	$	299,174,566	(b)
Estimated Valuation as of April 1, 2020	$	307,706,725	(c)
Direct Debt			
The Remaining Outstanding Bonds	$	29,630,000	(d)
The Bonds	$	2,595,000	
Total	$	32,225,000	
Estimated Overlapping Debt	$	10,387,059	(e)
Total Direct and Estimated Overlapping Debt	$	42,612,059	(e)
Direct Debt Ratio:			
As a Percentage of 2019 Taxable Assessed Valuation		13.88	%
As a Percentage of 2020 Preliminary Valuation		10.77	%
As a Percentage of Estimated Valuation as of April 1, 2020		10.47	%
Direct and Estimated Overlapping Debt Ratio:			
As a Percentage of 2019 Taxable Assessed Valuation		18.36	%
As a Percentage of 2020 Preliminary Valuation		14.24	%
As a Percentage of Estimated Valuation as of April 1, 2020		13.85	%
Debt Service Fund Balance (as of April 8, 2020)	$	2,153,399	(f)
Capital Projects Fund Balance (as of April 8, 2020)	$	72,829	
Operating Fund Balance (as of April 8, 2020)	$	3,570,304	
2019 Tax Rate			
Debt Service		$0.80	
Maintenance and Operations		$0.42	
Total		$1.22	
Average Annual Debt Service Requirement (2020–2045)	$	1,767,624	(g)
Maximum Annual Debt Service Requirement (2037)	$	2,116,375	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2020–2045) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation		$0.81	
Based on 2020 Preliminary Valuation		$0.63	
Based on Estimated Valuation as of April 1, 2020		$0.61	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2037) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation		$0.96	
Based on 2020 Preliminary Valuation		$0.75	
Based on Estimated Valuation as of April 1, 2020		$0.73	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2019, provided by the Montgomery Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary determination of the taxable value in the District as of January 1, 2020, provided by the Montgomery Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Montgomery Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2020, and includes an estimate of additional taxable value resulting from the construction of taxable improvements through April 1, 2020. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(d) Excludes the Refunded Bonds.

(e) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(f) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund.

(g) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 95 (the "District") of its $2,595,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (the "Bond Order"); (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended and Chapter 1207, Texas Government Code, as amended; and (iii) an election held within the District on May 10, 2008, and in accordance with Ordinance No. 1381-97 of the City of Conroe, Texas relating to refunding bonds issued by certain political subdivisions within the extraterritorial jurisdiction of the City of Conroe (the "Ordinance"). Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

PLAN OF FINANCING

Use of Proceeds

Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to currently refund $2,535,000 principal amount (the "Refunded Bonds") of the District's $3,300,000 Unlimited Tax Bonds, Series 2012 ("Series 2012 Bonds"). Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Series 2012 Bonds	
Principal Amount	Maturity Date
$110,000	09/01/2023
115,000	09/01/2024
125,000	09/01/2025
130,000	09/01/2026
140,000	09/01/2027
145,000	09/01/2028
155,000	09/01/2029
165,000	09/01/2030
175,000	09/01/2031 (a)
185,000	09/01/2032 (a)
195,000	09/01/2033 (b)
205,000	09/01/2034 (b)
215,000	09/01/2035 (b)
230,000	09/01/2036 (b)
245,000	09/01/2037 (b)
$2,535,000	

Total Principal Amount of the Refunded Bonds: $2,535,000

Redemption Date: September 1, 2020

(a) Represents a portion of a term bond in the total principal amount of $360,000 scheduled to mature on September 1, 2032.
(b) Represents a portion of a term bond in the total principal amount of $1,090,000 scheduled to mature on September 1, 2037.

Remaining Outstanding Bonds

The District has previously issued eight (8) series of bonds supported by the proceeds of a continuing direct ad valorem tax, unlimited as to rate or amount, levied annually by the District upon all taxable property located within the District. Of such eight (8) series of bonds previously issued by the District, following the refunding of the Refunded Bonds, $29,630,000 principal amount of unlimited tax bonds will remain outstanding (the "Remaining Outstanding Bonds").

The following table lists the principal amounts of the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Currently Outstanding	Less: Refunded Bonds	Remaining Outstanding Bonds
2012	$3,300,000	$2,835,000	$2,535,000	$300,000
2013	2,920,000	2,560,000	–	2,560,000
2014	2,535,000	2,285,000	–	2,285,000
2015	3,420,000	3,035,000	–	3,035,000
2017	9,280,000	8,275,000	–	8,275,000
2018	3,300,000	3,200,000	–	3,200,000
2019	4,580,000	4,580,000	–	4,580,000
2019A	5,395,000	5,395,000	–	5,395,000
Total	$34,730,000	$32,165,000	$2,535,000	$29,630,000

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the "Escrow Agent").

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be June 24, 2020). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain other lawfully available funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and a portion of such funds will be used to purchase United States Treasury Obligations (the "Escrowed Securities") maturing at such times and amounts as will be sufficient to pay scheduled payments on the Refunded Bonds on their redemption date. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the order authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, together with lawfully available debt service funds, will be applied as follows:

SOURCES OF FUNDS:	
Principal Amount of the Bonds	$2,595,000.00
Net Premium	96,557.10
Debt Service Fund Transfer	32,000.00
Accrued Interest on the Bonds	4,703.02
Total Sources of Funds	$2,728,260.12
USES OF FUNDS:	
Deposit for Payment of Refunded Bonds	$2,584,927.99
Deposit of Accrued Interest to Debt Service Fund	4,703.02
Issuance Expenses and Underwriter's Discount	138,629.11
Total Uses of Funds	$2,728,260.12

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 Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated June 1, 2020, with interest payable on March 1, 2021, 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 initially accrues from June 1, 2020, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on May 10, 2008, voters of the District authorized a total of $97,100,000 in bonds for the purpose of refunding bonds of the District. The Bonds constitute the District's first issuance of bonds from such authorization. The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapter 1207, Texas Government Code, as amended; the Ordinance; and Chapters 49 and 54 of the Texas Water Code, as amended.

Source and Security for Payment

The Bonds, together with the Remaining Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District (see "TAXING PROCEDURES"). Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the establishment of the District's Debt Service Fund (the "Bond Fund") which was created and established pursuant to the orders of the Board of Directors of the District authorizing the issuance of the Remaining Outstanding Bonds. Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Bond Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Remaining Outstanding Bonds, the Bonds, and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Remaining Outstanding Bonds, the Bonds, and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond 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 Remaining Outstanding Bonds, the Bonds, and any additional bonds 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.

Record Date

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

Redemption Provisions

Mandatory Redemption

The Bonds that mature on September 1, 2031, are term bonds (the "Term Bonds") and shall be redeemed at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$360,000 Term Bonds Maturing on September 1, 2031

Mandatory Redemption Date	Principal Amount
September 1, 2030	$ 175,000
September 1, 2031 (Maturity)	185,000

Notice of mandatory redemption of Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY SYSTEM."

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2030, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2029, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY SYSTEM." If less than all of the to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

Effects of Redemption

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Term Bonds) or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

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.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $97,100,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After issuance of the Bonds, the District will have $97,040,000 of unlimited tax refunding bonds authorized but unissued.

The District's voters have also authorized the issuance of a total of $90,000,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities and could authorize additional amounts. The District currently has $55,270,000 of unlimited tax bonds authorized but unissued for said improvements and facilities.

In addition, the District's voters have authorized issuance of a total of $7,100,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. See "Financing Recreational Facilities" below.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS – Future Debt."

The District also is authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" or calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve a maintenance tax to support recreational facilities and/or the issuance of bonds payable from taxes.

The District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election.

At an election held within the District on May 10, 2008, voters of the District authorized a total of $7,100,000 in bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Conroe, Texas, the District may be annexed for full purposes by the City of Conroe, subject to compliance by the City of Conroe with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements include the requirement that the City of Conroe hold an election in the District whereby the qualified voters of the District approve the proposed annexation. Annexation of territory by the City of Conroe is a policy-making matter within the discretion of the Mayor and City Council of the City of Conroe, and, therefore, the District makes no representation that the City of Conroe will ever attempt to annex the District for full purposes under these procedures and assume its debt. Moreover, no representation is made concerning the ability of the City of Conroe to make debt service payments should such annexation occur. Under the terms of the SPA (as hereinafter defined) between the District and the City of Conroe, however, the City of Conroe has agreed not to annex the District for full purposes (a traditional municipal annexation) for at least sixteen (16) years from January 10, 2013, the effective date of the SPA, and certain other terms have been consented to concerning the potential future limited purpose and full purpose annexation of the District by the City of Conroe. See "THE DISTRICT – Strategic Partnership Agreement with the City of Conroe."

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy."

Defeasance

The Bond Order 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) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law.

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 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 pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among

Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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, District or Paying Agent/Registrar, 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 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 District or 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.

Use of Certain Terms in Other Sections of this Official Statement

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

[Remainder of Page Intentionally Left Blank]

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property.

2019 Taxable Assessed Valuation	$	232,091,563	(a)
2020 Preliminary Valuation	$	299,174,566	(b)
Estimated Valuation as of April 1, 2020	$	307,706,725	(c)
Direct Debt			
The Remaining Outstanding Bonds	$	29,630,000	(d)
The Bonds	$	2,595,000	
Total	$	32,225,000	
Estimated Overlapping Debt	$	10,387,059	(e)
Total Direct and Estimated Overlapping Debt	$	42,612,059	(e)
Direct Debt Ratio:			
As a Percentage of 2019 Taxable Assessed Valuation		13.88	%
As a Percentage of 2020 Preliminary Valuation		10.77	%
As a Percentage of Estimated Valuation as of April 1, 2020		10.47	%
Direct and Estimated Overlapping Debt Ratio:			
As a Percentage of 2019 Taxable Assessed Valuation		18.36	%
As a Percentage of 2020 Preliminary Valuation		14.24	%
As a Percentage of Estimated Valuation as of April 1, 2020		13.85	%
Debt Service Fund Balance (as of April 8, 2020)	$	2,153,399	(f)
Capital Projects Fund Balance (as of April 8, 2020)	$	72,829	
Operating Fund Balance (as of April 8, 2020)	$	3,570,304	
2019 Tax Rate			
Debt Service		$0.80	
Maintenance and Operations		$0.42	
Total		$1.22	
Average Annual Debt Service Requirement (2020–2045)	$	1,767,624	(g)
Maximum Annual Debt Service Requirement (2037)	$	2,116,375	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2020–2045) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation		$0.81	
Based on 2020 Preliminary Valuation		$0.63	
Based on Estimated Valuation as of April 1, 2020		$0.61	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2037) at 95% Tax Collections			
Based on 2019 Taxable Assessed Valuation		$0.96	
Based on 2020 Preliminary Valuation		$0.75	
Based on Estimated Valuation as of April 1, 2020		$0.73	

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2019, provided by the Montgomery Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary determination of the taxable value in the District as of January 1, 2020, provided by the Montgomery Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Montgomery Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2020, and includes an estimate of additional taxable value resulting from the construction of taxable improvements through April 1, 2020. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(d) Excludes the Refunded Bonds.

(e) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(f) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund.

(g) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

Remaining Outstanding Bonds

The District has previously issued the following eight series of unlimited tax bonds: $3,300,000 Unlimited Tax Bonds, Series 2012; $2,920,000 Unlimited Tax Bonds, Series 2013; $2,535,000 Unlimited Tax Bonds, Series 2014; $3,420,000 Unlimited Tax Bonds, Series 2015; $9,280,000 Unlimited Tax Bonds, Series 2017; $3,300,000 Unlimited Tax Bonds, Series 2018; $4,580,000 Unlimited Tax Bonds, Series 2019; and $5,395,000 Unlimited Tax Bonds, Series 2019A. Of such series of bonds previously issued by the District, $29,630,000 principal amount of unlimited tax bonds (the "Remaining Outstanding Bonds" as previously defined herein) will remain outstanding following the refunding of the Refunded Bonds. See "PLAN OF FINANCING – Remaining Outstanding Bonds."

Direct and Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Outstanding Debt April 30, 2020	Overlapping Percent	Overlapping Amount
Montgomery County	$ 509,380,000	0.40 %	$ 2,028,233
Conroe Independent School District	1,269,275,000	0.61	7,733,005
Lone Star College System	570,885,000	0.11	625,821
Total Estimated Overlapping Debt			$ 10,387,059
The District			$ 32,225,000
Total Direct & Estimated Overlapping			$ 42,612,059

(a) Includes the Bonds and the Remaining Outstanding Bonds.

Debt Ratios

Direct Debt Ratio:

As a Percentage of 2019 Taxable Assessed Valuation	13.88 %
As a Percentage of 2020 Preliminary Valuation	10.77 %
As a Percentage of Estimated Valuation as of April 1, 2020	10.47 %

Direct and Estimated Overlapping Debt Ratio:

As a Percentage of 2019 Taxable Assessed Valuation	18.36 %
As a Percentage of 2020 Preliminary Valuation	14.24 %
As a Percentage of Estimated Valuation as of April 1, 2020	13.85 %

Debt Service Requirements

The following schedules set forth the debt service requirements of the District resulting from the refunding of the Refunded Bonds and issuance of the Bonds.

Year	Outstanding Debt Service	Less: Debt Service Refunded Bonds	Plus: The Bonds Principal	Plus: The Bonds Interest	Total Debt Service
2020	$ 1,393,773	$ 50,514	–	–	$ 1,343,258
2021	2,092,650	101,029	$ 5,000	$ 92,016	2,088,637
2022	2,095,013	101,029	10,000	73,413	2,077,396
2023	2,090,055	211,029	120,000	73,013	2,072,039
2024	2,095,800	212,179	125,000	68,213	2,076,834
2025	2,095,120	218,154	135,000	63,213	2,075,179
2026	2,100,754	218,623	140,000	57,813	2,079,944
2027	2,104,929	223,748	150,000	52,213	2,083,394
2028	2,110,998	223,323	155,000	46,213	2,088,888
2029	2,120,356	227,523	165,000	40,013	2,097,846
2030	2,122,341	231,323	175,000	33,413	2,099,431
2031	2,121,129	234,723	185,000	29,913	2,101,319
2032	2,122,216	237,548	190,000	26,213	2,100,881
2033	2,131,088	239,963	195,000	22,413	2,108,538
2034	2,127,000	241,919	200,000	18,513	2,103,594
2035	2,134,888	243,463	205,000	14,513	2,110,938
2036	2,135,025	249,594	215,000	9,900	2,110,331
2037	2,141,419	255,106	225,000	5,063	2,116,375
2038	1,979,313	–	–	–	1,979,313
2039	1,770,519	–	–	–	1,770,519
2040	1,599,500	–	–	–	1,599,500
2041	1,383,519	–	–	–	1,383,519
2042	794,075	–	–	–	794,075
2043	595,150	–	–	–	595,150
2044	592,325	–	–	–	592,325
2045	309,000	–	–	–	309,000
Total	$ 46,357,951	$ 3,720,784	$2,595,000	$ 726,053	$45,958,220

Average Annual Debt Service Requirement (2020–2045) .... $ 1,767,624

Maximum Annual Debt Service Requirement (2037) .... $ 2,116,375

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Montgomery Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Montgomery County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles.

In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2020 tax year, the District has granted an exemption of $10,000 of assessed valuation for persons sixty-five (65) years of age or older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act.

The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft, and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property but may choose to do so in the future.

General Residential Homestead Exemptions

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2020 tax year, the District did not grant a general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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 petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "Rollback of Operation and Maintenance Tax Rate" below. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2020, no land within the District was designated for agricultural use, open space, timberland, or inventory deferment.

Tax Abatement

The City of Conroe or Montgomery County may designate all or part of the District as a reinvestment zone, and the District, Montgomery County, and (if it were to annex the area) the City of Conroe may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty, and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies certain special purpose districts, including the District, differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all land, 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 pursuant to SB 2 is described for each classification below.

Low Tax Rate Districts

Low Tax Rate Districts 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 Low Tax Rate District 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 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.

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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts

Districts that do not meet the classification of a Low Tax Rate District 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 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 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.

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "TAX DATA – Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations."

TAX DATA

General

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 Remaining Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due September 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order 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. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. In addition, the District has the power and authority to assess, levy, and collect ad valorem taxes, not to exceed $1.40 per $100 of assessed valuation, for operation and maintenance purposes. In 2019, the Board levied a tax of $0.420 per $100 of assessed valuation for operation and maintenance purposes and a tax of $0.800 per $100 of assessed valuation for debt service purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance:	$1.40 per $100 Assessed Valuation

Historical Tax Collections

The following table illustrates the collection history of the District from the 2014–2019 tax years:

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 03/31/20
2014	$83,275,158	$1.350	$1,124,215	99.94%	2015	100.00%
2015	114,630,122	1.300	1,490,192	99.75	2016	100.00
2016	155,475,852	1.300	2,021,186	99.36	2017	100.00
2017	189,433,586	1.250	2,367,920	99.69	2018	100.00
2018	208,036,238	1.250	2,600,453	97.10	2019	100.00
2019	232,091,563	1.220	2,831,517	98.36 (a)	2020	98.36

(a) For the 2019 tax year, represents collections through March 31, 2020.

Tax Rate Distribution

	2019	2018	2017	2016	2015	2014
Debt Service	$0.800	$0.830	$0.830	$0.920	$0.700	$0.690
Maintenance & Operations	0.420	0.420	0.420	0.380	0.600	0.660
Total	$1.220	$1.250	$1.250	$1.300	$1.300	$1.350

[Remainder of Page Intentionally Left Blank]

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the 2015–2019 tax years by type of property.

Type of Property	2019 Assessed Value	2018 Assessed Value	2017 Assessed Value	2016 Assessed Value	2015 Assessed Value
Land	$50,987,350	$41,637,910	$33,692,640	$29,742,150	$19,734,220
Improvements	193,555,290	171,337,080	157,971,580	127,870,790	99,066,900
Personal Property	4,087,650	3,570,396	2,817,071	2,308,905	1,048,380
Exemptions	(16,538,727)	(8,509,148)	(5,047,705)	(4,445,993)	(5,219,378)
Total	$232,091,563	$208,036,238	$189,433,586	$155,475,852	$114,630,122

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their taxable assessed values as of January 1, 2019:

Taxpayer	Type of Property	Assessed Valuation 2019 Tax Roll	Percent of 2019 Roll
Worthing Harpers Preserve LP	Land & Improvements	$ 30,000,000	12.93 %
De Anda Allied Venture II LLC	Land & Improvements	17,900,000	7.71%
RK Harpers Preserve LLC	Land	7,523,730	3.24%
HMH Lifestyles, LP	Land & Improvements	3,559,739	1.53%
242, LLC (a)	Land	3,321,610	1.43%
Cath Conroe LLC	Land & Improvements	2,858,240	1.23%
J. Patrick Homes Inc. (b)	Land & Improvements	2,136,020	0.92%
First GL Conroe Realty Corp.	Land	1,747,320	0.75%
Drees Custom Homes LP (b)	Land & Improvements	1,258,450	0.54%
Chesmar Homes LP (b)	Land & Improvements	1,068,990	0.46%
Totals		$ 71,374,099	30.75 %

(a) See "THE DEVELOPER."
(b) See "HOMEBUILDERS ACTIVE WITHIN THE DISTRICT."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Remaining Outstanding Bonds and the Bonds if no growth in the District occurs beyond the District's taxable assessed valuation as of January 1, 2019 ($232,091,563), the preliminary valuation as of January 1, 2020 ($299,174,566), or the estimate of assessed valuation as of April 1, 2020 ($307,706,725). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2020–2045)	$ 1,767,624
Tax Rate of $0.81 on the 2019 Taxable Assessed Valuation produces	$ 1,785,945
Tax Rate of $0.63 on the 2020 Preliminary Valuation produces	$ 1,790,560
Tax Rate of $0.61 on the Estimate of Value as of April 1, 2020, produces	$ 1,783,160
Maximum Annual Debt Service Requirement (2037)	$ 2,116,375
Tax Rate of $0.96 on the 2019 Taxable Assessed Valuation produces	$ 2,116,675
Tax Rate of $0.75 on the 2020 Preliminary Valuation produces	$ 2,131,619
Tax Rate of $0.73 on the Estimate of Value as of April 1, 2020, produces	$ 2,133,946

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 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 – Direct and Estimated 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 a compilation of all 2019 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2019 Tax Rate
The District	$1.220000
Montgomery County	0.447500
Montgomery County Hospital District	0.058900
Montgomery County Emergency Services District No. 4	0.093900
Conroe Independent School District	1.230000
Lone Star College System	0.107800
Estimated Total Tax Rate	$3.158100

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ dated March 18, 2003, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Conroe, Texas, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. See "THE BONDS – Issuance of Additional Debt," "– Financing Recreational Facilities," and "– Financing Road Facilities."

The District is required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and firefighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational facilities. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Description

The District as created encompassed an area of approximately 593.00 acres. Due to subsequent annexations, the District currently encompasses approximately 781.50 acres. The District is located wholly within Montgomery County, Texas, approximately 30 miles north of the City of Houston Central Business District and 7 miles south of the City of Conroe. The District lies approximately one mile east of IH-45 on State Highway 242. The District is located entirely within the extraterritorial jurisdiction of the City of Conroe, Texas, and entirely within the boundaries of the Conroe Independent School District.

Strategic Partnership Agreement with the City of Conroe

The District and the City of Conroe, Texas, have entered into a Strategic Partnership Agreement dated effective January 10, 2013 (the "SPA"), pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a timetable concerning the potential future limited purpose and full purpose annexation of the District, the continuation of the District following full purpose annexation under certain circumstances, the allocation of District's obligations (as between the City of Conroe and the District) following full purpose annexation and the conditional rebate of certain payments by the City of Conroe to the District. The SPA provides that the City of Conroe will not annex the District for "full purposes" for at least sixteen (16) years from the effective date of the SPA. The procedures for full-purpose annexation under the SPA may differ from those otherwise applicable under Chapter 43, Texas Local Government Code, including any requirements for an election. See "THE BONDS – Annexation."

District Investment Policy

The District has adopted an investment policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The policy of the District is to invest District funds only in instruments which further the following investment obligations of the District, stated in the order of importance: (1) the preservation of safety of principal; (2) liquidity; and (3) yield. The District does not own, nor does it anticipate the inclusion of, long term securities or derivative products in the District's portfolio.

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. All of the directors currently reside in or own property in the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board and their positions are listed below:

Name	Position	Term Expires May
Asa Hoffman	President	2024
Ray Schmidt	Secretary	2024
Jack Seitzinger	Vice President	2022
Kari Romano	Assistant Secretary	2022
Jeffrey Little	Assistant Secretary	2022

The District has contracted with the following companies and individuals to operate its utilities and recreational facilities and perform certain other services:

Tax Assessor/Collector: The District's Tax Assessor/Collector is Wheeler & Associates, Inc. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Montgomery Central Appraisal District and bills and collects such levy.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

Utility System Operator: The District's operator is Municipal Operations & Consulting, Inc.

Auditor: The financial statements of the District as of February 28, 2019, and for the year then ended, included in the offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" to this Official Statement.

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Jones & Carter, Inc., Houston, Texas (the "Engineer").

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the

Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold, and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. See "GENERAL CONSIDERATIONS – Experts."

Special Consultants Related to Issuance of the Bonds

Verification Agent **–** At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, Bond Counsel, Special Tax Counsel, Escrow Agent, and the Underwriter certain matters related to the issuance of the bonds and the refunding of the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

Special Tax Counsel **–** The District has engaged the firm of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Special Tax Counsel. The fees payable to Special Tax Counsel are contingent upon the issuance, sale and delivery of the Bonds.

[Remainder of Page Intentionally Left Blank]

STATUS OF DEVELOPMENT

Status of Development within the District

To date, approximately 269.72 acres within the District have been developed as 898 single-family lots in the following single-family residential subdivisions: Harper's Preserve, Section 1 (74.5 acres, 202 lots); Harper's Preserve, Section 2 (29.5 acres, 98 lots); Harper's Preserve, Section 3 (5.2 acres, 27 lots); Harper's Preserve, Section 4 (40.7 acres, 95 lots); Harper's Preserve, Section 5 (12.2 acres, 40 lots); Harper's Preserve, Section 7 (13.30 acres, 37lots) Harper's Preserve, Section 8 (5.5 acres, 11 lots); Harper's Preserve, Section 10 (4.9 acres, 24 lots); Harper's Preserve, Section 11 (19.8 acres, 71 lots); Harper's Preserve, Section 12 (11.9 acres, 57 lots); Harper's Preserve, Section 13A (7.3 acres, 31 lots); Harper's Preserve, Section 13B (9.4 acres, 40 lots); Harper's Preserve, Section 14 (8.6 acres, 44 lots); Harper's Preserve, Section 15 (7.5 acres, 44 lots); Harper's Preserve, Section 16A (1.4 acres, 8 lots); Harper's Preserve, Section 16B (4.5 acres, 18 lots) and Woodlake Village, Section 1 (13.5 acres, 51 lots). As of April 1, 2020, development within the District consisted of approximately 640 completed homes (approximately 600 occupied and approximately 40 unoccupied), approximately 25 homes under construction, and approximately 233 vacant, developed lots.

In addition, approximately 28.1 acres in the District have been developed as The Market at Harper's Preserve, a commercial retail center anchored by an H-E-B grocery store that opened in late 2019. The District also includes a CVS Pharmacy on approximately 3.5 acres and the following two multi-family residential properties on approximately 23.1 total acres: Harper's Retreat, a 216-unit project by Allied Properties, and The Heights at Harper's Preserve, a 328-unit complex by The Worthing Companies. The District also includes an amenity center with community pool, a barn with outdoor kitchen, playground, walking trails, lawn bowling and bocce ball greens, and horseshoe pits. Conroe Independent School District has constructed an elementary school on approximately 17.7 acres of land. The remainder of the District consists of approximately 8.54 acres for certain roadways and approximately 215.65 undeveloped but developable acres and approximately 215.19 undevelopable acres consisting of: permanent floodplain and preservation easements (164.40 acres); drainage channel (41.19 acres); and other easements (9.60 acres). The table below summarizes the development within the District as of April 1, 2020.

Single-Family Section	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Harper's Preserve, Section 1	74.48	202	193	0	9
Harper's Preserve, Section 2	29.52	98	98	0	0
Harper's Preserve, Section 3	5.23	27	27	0	0
Harper's Preserve, Section 4	40.69	95	75	7	13
Harper's Preserve, Section 5	12.24	40	40	0	0
Harper's Preserve, Section 7	13.30	37	0	0	37
Harper's Preserve, Section 8	5.49	11	11	0	0
Harper's Preserve, Section 10	4.92	24	19	0	5
Harper's Preserve, Section 11	19.80	71	56	3	12
Harper's Preserve, Section 12	11.89	57	44	1	12
Harper's Preserve, Section 13A	7.28	31	15	4	12
Harper's Preserve, Section 13B	9.44	40	11	3	26
Harper's Preserve, Section 14	8.61	44	0	0	44
Harper's Preserve, Section 15	7.49	44	0	0	44
Harper's Preserve, Section 16A	1.38	8	2	0	6
Harper's Preserve, Section 16B	4.46	18	1	7	10
Woodlake Village, Section 1	13.50	51	48	0	3
Total Single-Family Developed	269.72	898	640	25	233
Multi-Family Developed	23.10				
Commercial Developed	31.60				
School Acreage	17.70				
Roadway Acreage	8.54				
Undevelopable	215.19				
Remaining Developable	215.65				
District Total	781.50				

HOMEBUILDERS ACTIVE WITHIN THE DISTRICT

Homebuilders active within the District include Drees Custom Homes, J. Patrick Homes, Empire Homes, Chesmar Homes, HistoryMaker Homes, Plantation Homes and D.R. Horton. Prices of new homes being constructed within the District range from approximately $215,000 to in excess of $600,000. Homes range in size from approximately 1,500 square feet to more than 4,500 square feet.

Each lot-sales contract generally requires the homebuilder to purchase a minimum number of lots during a specified takedown period following such lots becoming "buildable." In the event the homebuilder fails to meet its takedown obligations, the Developer's sole remedy is termination of the contract and retention of a nominal amount of earnest money. As of this date, each of the homebuilders is in compliance with all material obligations under its lot purchase contract.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the utilities and streets to be constructed in the community, 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 commercial reserves to builders, developers, or other third parties. In certain 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 municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on 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.

Description

242, LLC (the "Developer") is a Texas limited liability company managed by Sam Yager Incorporated. Sam Yager Incorporated is a Houston-based, mixed-use land development company specializing in single-family residential development. In addition to the District (Harper's Preserve), Sam Yager Incorporated has recently managed the development of a number of other residential development projects including City Park, Kings Mill, Summer Lakes, and Lakecrest.

Lot-Sales Contracts

The Developer has entered in to lot sales contracts with Chesmar, Drees, HistoryMaker, and Hunt Development for (A) Lots in (i) Harper's Preserve, Sections 7, 25, 27, 28, and 30, and (ii) Dogwood Forest Partial Replat No. 1 Adjoining Harper's Preserve, and (B) a 0.98-acre commercial tract with frontage on SH 242. According to Developer, homebuilders currently under contract are in compliance with their respective contract. Homebuilders have purchased all lots in Harper's Preserve, Sections 1, 2, 3, 4, 5, 8, 10, 11, 12, 13-A, 13-B, 14, 15, 16-A, and 16-B, save and except Developer hold lots in Harper's Preserve, Sections 1, 4, 10 and 12.

THE SYSTEM

Regulation

According to the Engineer, the water and sanitary sewer facilities to be acquired and or constructed by the District will be designed and constructed in accordance with accepted engineering practices and recommendations and requirements of the City of Conroe, the Texas Department of Health, and the TCEQ. Construction and operation of the facilities are subject to inspection and regulation by the TCEQ, the Environmental Protection Agency and other governmental agencies. According to the Engineer, District improvements financed with the proceeds of the District's prior bonds have been approved by all required regulatory agencies and have been constructed in compliance with applicable standards and specifications.

-Water Supply Facilities-

The District has purchased sufficient capacity in the Montgomery County Municipal Utility District No. 15 ("MCMUD15") water plant to serve 400 equivalent single family connections ("esfcs") and the District has purchased another 3,800 esfcs from the City of Conroe. The District owns sufficient capacity to serve 4,200 esfcs. According to the Engineer, this is sufficient to serve the estimated ultimate development within the District. The District is currently serving approximately 920 esfcs.

-Wastewater Treatment Facilities-

The District has acquired 112,000 gallons per day (373 esfcs at 300 gallons per day per esfc) of capacity in the MCMUD15 wastewater treatment plant. The District has also purchased an additional 3,800 esfcs from the City of Conroe. The District owns sufficient capacity to serve 4,173 esfcs. According to the Engineer, this is sufficient to serve the estimated ultimate development within the District. The District is currently serving approximately 920 esfcs.

-Drainage-

The District naturally drains in an easterly direction to the San Jacinto River through an existing drainage channel and Carter's Slough. As the District develops, the existing drainage channel will be expanded to serve the development. The District uses storm sewers and an existing drainage channel to serve the District's current development.

Conservation District

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "LSGCD"), which was created by the Texas Legislature to conserve, protect, and enhance the groundwater resources of Montgomery County. The LSGCD has adopted rules and a regulatory plan that required groundwater users within Montgomery County, including the City of Conroe, from which the District receives its water supply, to reduce groundwater usage by thirty percent (30%) by January 1, 2016. However, pursuant to notice provided by LSGCD on February 5, 2019, such rule has become null and void, and the LSGCD will develop new rules, which may result in future increases to fees charged by the LSGCD. In May of 2019, the Texas Water Development Board rejected the amended Groundwater Management Plan. The LSGCD has since filed a lawsuit to appeal the rejection of the amended Groundwater Management Plan by the Texas Water Development Board. The full impact of these matters on the District is not known at this time. Currently, to finance its operations, LSGCD bills permit holders, including the City of Conroe, an amount currently equal to $0.085 per 1,000 gallons of water pumped from permit wells.

In order to meet the requirements of the current regulatory plan of LSGCD, the San Jacinto River Authority ("SJRA") entered into a contract with LSGCD to develop an overall groundwater reduction plan ("GRP"). In turn, the City of Conroe entered into agreements with SJRA under which the water supply facilities of the two entities are included in the SJRA's GRP. SJRA partially converted to surface water sources in September of 2015 and has created a new, separate, non-profit operating division to implement a groundwater reduction plan and treated surface water system for substantially all of Montgomery County, including the District. The direct costs to SJRA's groundwater reduction plan division for the first phase of such conversion to surface water sources was approximately $500,000,000, which will be paid for through pumpage fees charged to the participants, including the District. Pursuant to the current GRP Rate Order adopted by SJRA, SJRA charges a fee of $2.73 per 1,000 gallons of groundwater pumped. Additionally, under such rate order, SJRA charges a surface water rate of $3.15 per 1,000 gallons of surface water delivered. The amount billed per 1,000 gallons by the SJRA is subject to increase in future years.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, 164.4 acres in the District are located within the 100-year flood plain.

National Weather Service Rainfall Study and Floodplain Regulations

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. Montgomery County has adopted the Atlas 14 rainfall amounts effective January 1, 2019.

Operating History

The following sets forth in condensed form the results of the District's general operating fund for the District's fiscal years ended 2015 through 2019 prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements, reference to which is made for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended				
	2/28/19	2/28/18	2/28/17	2/29/16	2/28/15
Revenues					
Property Taxes	$ 872,772	$ 792,093	$ 595,382	$ 671,833	$ 552,665
Water Service	410,382	394,012	299,697	196,179	130,557
Sewer Service	768,133	596,313	443,149	345,335	273,893
Surface Water Conversion	270,210	252,234	200,790	128,598	108,647
Penalty and Interest	21,322	25,900	17,146	8,624	6,421
Tap Connection & Inspection Fees	772,011	129,654	265,220	347,786	63,591
Investment Income	45,704	14,259	7,522	3,012	382
Other Income	406	19,936	–	4,959	8,161
Total Revenues	$3,160,940	$2,224,401	$1,828,906	$1,706,326	$1,144,317
Expenditures					
Service Operations					
Purchased Services	$ 987,514	$ 949,343	$ 636,000	$ 258,086	$ 164,633
Professional Fees	326,499	211,948	226,222	212,934	129,839
Contracted Services	144,430	133,370	114,899	96,691	84,157
Utilities	1,813	1,719	1,256	812	865
Repairs and Maintenance	320,777	320,372	192,546	169,629	130,707
Other Expenditures	51,631	56,506	64,917	39,901	44,618
Tap Connections	127,325	63,175	100,630	162,815	33,000
Capital Outlay	566,865	55,101	127,084	30,689	26,090
Purchase of Capacity	–	–	–	–	34,684
Debt Service Debt Issuances	–	–	9,280	18,500	–
Total Expenditures	$2,526,854	$1,791,534	$1,472,834	$ 990,057	$ 648,593
Excess (Deficiency) of Revenues	$ 634,086	$ 432,867	$ 356,072	$ 716,269	$ 495,724
Developer Advances	$ 25,500	$ –	$ –	$ –	$ –
Interfund Transfers In (Out)	$ (3,263)	$ 9,280	$ –	$ (4,258)	$ –
Excess of Revenues After Transfers	$ 656,323	$ 442,147	$ 356,072	$ 712,011	$ 495,724
Fund Balance Beginning of Period	$2,203,733	$1,761,586	$1,405,514	$ 693,503	$ 197,779
Fund Balance End of Period	$2,860,056	$2,203,733	$1,761,586	$1,405,514	$ 693,503

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any political subdivision or agency other than the District, are secured by the levy of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source and Security for Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no 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, or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below and "THE BONDS – Source and Security for Payment" and "–Remedies in Event of Default."

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston/Conroe area and could reduce or negatively affect property values or homebuilding activity within the District. 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.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the commercial and industrial development industry in the Houston metropolitan area. New construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. New construction can also be affected by energy availability and costs, including the price of oil and gasoline prices. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "STATUS OF DEVELOPMENT."

Principal Landowners' Obligations to the District: As reflected in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's ten principal taxpayers in 2019 owned approximately 30.75% of the assessed value of property, including personal property, located in the District. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements.

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 levied a tax of $0.420 per $100 of assessed valuation for operation and maintenance purposes and a tax of $0.800 per $100 of assessed valuation for debt service purposes in 2019.

Developer's Obligations to the District: There is no commitment by or legal requirement of the Developer, 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 home builder 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 "STATUS OF DEVELOPMENT," "THE DEVELOPER," and "HOMEBUILDERS ACTIVE WITHIN THE DISTRICT."

Potential Effects of Oil Price Declines on the Houston Area. The recent declines 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.

Maximum Impact on District Tax Rate: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The taxable assessed valuation of the District as of January 1, 2019, is $232,091,563, the preliminary valuation of the District as of January 1, 2020, is $299,174,566, and the estimate of value as of April 1, 2020, is $307,706,725. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement of the Bonds and the Remaining Outstanding Bonds is $2,116,375 (2037), and the average annual debt service requirement of the Bonds and the Remaining Outstanding Bonds is $1,767,624 (2020–2045). Based on the District's taxable assessed valuation as of January 1, 2019, and no use of funds on hand, a tax rate of $0.96 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of the Bonds and the Remaining Outstanding Bonds and a tax rate of $0.81 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of the Bonds and the Remaining Outstanding Bonds. Based on the District's preliminary valuation as of January 1, 2020, and no use of funds on hand, a tax rate of $0.75 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of the Bonds and the Remaining Outstanding Bonds and a tax rate of $0.63 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of the Bonds and the Remaining Outstanding Bonds. Based on the District's estimate of value as of April 1, 2020, and no use of funds on hand, a tax rate of $0.73 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of the Bonds and the Remaining Outstanding Bonds and a tax rate of $0.61 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of the Bonds and the Remaining Outstanding Bonds. See "DISTRICT DEBT – Debt Service Requirements" and "TAX DATA – Tax Rate Calculations."

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.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of property within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Hurricane Harvey

The Houston area, including Montgomery County, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days.

According to the Engineer, with the exception of minor erosion damage to one of the District's drainage channels, the District's water, sanitary sewer, and drainage facilities sustained no damage as a result of Hurricane Harvey, and there was no interruption of water and sewer service. Furthermore, according to the Engineer, there were no homes in the District that experienced flooding or structural damage. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that 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 Impact of Natural Disaster

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. 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 rate.

Specific Flood Type 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.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. Section 1825, as amended. 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. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Order 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. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if 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.

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;
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility 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.

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

Pursuant to the Safe Drinking Water Act ("SDWA"), potable (drinking) water provided by a district to more than twenty-five (25) people or fifteen (15) service connections will be subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment 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. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and must establish the total maximum allowable daily load ("TMDL") of certain pollutants into the water bodies. The TMDLs that utility districts may discharge may have an impact on the utility district's ability to obtain and maintain TPDES permits.

Operations of utility districts are also potentially subject to numerous stormwater discharge permitting requirements under the CWA, EPA and TCEQ regulations. The TCEQ reissued the Texas Pollutant Discharge Elimination System Construction General Permit (TXR150000) on February 7, 2018. The permit became effective on March 5, 2018, and 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 TCEQ renewed the TPDES General Permit (TXR040000) 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 ("MS4s"). The MS4 Permit, as renewed on January 24, 2019, impacts essentially the same amount of MS4s from the previous 2013 MS4 Permit, as it applies to MS4s located within urbanized areas in the 2010 census. No major revisions to the 2013 MS4 Permit are required. However, best management practices written in the MS4's Storm Water Management Program ("SWMP") must be written to be clear, specific and measureable. The MS4 Permit dated effective January 24, 2019, expires on January 24, 2024, and, upon subsequent renewal by the TCEQ, the renewed form of general permit may again impact additional MS4s and impose more stringent requirements. Although the District is not subject to the MS4 Permit issued on January 24, 2019, should the District be required to obtain coverage under a renewed form of the MS4 Permit in the future, then the District could incur substantial costs to develop and implement the required SWMP as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The EPA published the NWPR in the Federal Register on April 21, 2020. The NWPR will go into effect on June 21, 2020, and will likely become the subject of further litigation.

Due to ongoing rulemaking activity, as well as existing and possible future litigation, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Lone Star Groundwater Conservation District

As noted above under "THE SYSTEM – Conservation District," the District is located within the boundaries of LSGCD, which was created by the Texas Legislature to conserve, protect, and enhance the groundwater resources of Montgomery County. The LSGCD has adopted rules and a regulatory plan that require groundwater users within Montgomery County, including the City of Conroe, from which the District receives the bulk of its water supply, to reduce groundwater usage by thirty percent (30%) by January 1, 2016. However, pursuant to notice provide by LSGCD on February 5, 2019, such rule has become null and void, and the LSGCD will develop new rules, which may result in future increases to fees charged by the LSGCD. In March of 2019, the LSGCD adopted an amended Groundwater Management Plan and submitted the plan to the Texas Water Development Board for review and approval in accordance with the requirements of Chapter 36 of the Texas Water Code. In May of 2019, the Texas Water Development Board rejected the amended Groundwater Management Plan. The LSGCD has since filed a lawsuit to appeal the rejection of the amended Groundwater Management Plan by the Texas Water Development Board. The full impact of these matters on the District is not known at this time.

Currently, to finance its operations, LSGCD bills permit holders, including the City of Conroe, an amount currently equal to $0.085 per 1,000 gallons of water pumped from permit wells. The amount billed by the LSGCD is subject to future increases.

In order to meet the requirements of the regulatory plan of LSGCD, SJRA entered into a contract with LSGCD to develop an overall groundwater reduction plan ("GRP"). In turn, the City of Conroe entered into agreements with SJRA under which the water supply facilities of the two entities are included in the SJRA's GRP. SJRA partially converted to surface water sources in September of 2015 and has created a new, separate, non-profit operating division to implement a groundwater reduction plan and treated surface water system for substantially all of Montgomery County, including the District. The direct costs to SJRA's groundwater reduction plan division for the first phase of such conversion to surface water sources was approximately $500,000,000, which will be paid for through pumpage fees charged to the participants, including the District.

Pursuant to the current GRP Rate Order adopted by SJRA, SJRA charges a fee of $2.73 per 1,000 gallons of groundwater pumped. Additionally, under such rate order, SJRA charges a surface water rate of $3.15 per 1,000 gallons of surface water delivered. The amount billed per 1,000 gallons by the SJRA is subject to increase in future years.

Future Debt

The District reserves in the Bond Order the right to issue the remaining $97,040,000 unlimited tax bonds authorized but unissued for refunding purposes; $55,270,000 unlimited tax bonds authorized but unissued for waterworks, sanitary sewer, and drainage facilities; $7,100,000 in unlimited tax bonds authorized but unissued for recreational facilities (see "THE BONDS – Issuance of Additional Debt"); and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above for waterworks, sanitary sewer and drainage facilities, which have heretofore been authorized by the voters of the District, may be issued by the District from time to time as needed.

The Engineer currently estimates that the aforementioned $55,270,000 in principal amount of authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all water, wastewater, and drainage facilities to provide service to all of the currently undeveloped portions of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. Currently, the District owes the Developer approximately $4,647,800 for the expenditures to construct water, sanitary sewer, and drainage facilities to serve the developed land within the District. See "THE BONDS – Issuance of Additional Debt."

Marketability of the Bonds

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

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901–946. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. The rights and remedies of the Registered Owners could be adjusted in accordance with the confirmed plan of adjustment of the District's debt.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS – Tax Exemption."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Bond Insurance Risk Factors

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 issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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 Underwriter 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. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Pending Litigation

On September 21, 2018, the District filed a lawsuit against an adjacent property owner (*Montgomery County Municipal Utility District No. 95 v. Harold Denton, Jr.; in the 410th Judicial District Court of Montgomery County, Texas*). The adjacent property owner is alleged to have placed fill across a natural drainage corridor, which is in the floodplain adjacent to the District. The adjacent property owner's action is alleged to have impacted the drainage pattern of Carter's slough, which serves as a part of the District's drainage system, and, thus, impeded the planned development in the southern portion of the District. The property owner has since removed a portion of the fill and continuing development of the land within the District is no longer impeded. The District is seeking to recover unspecified damages as a result of the property owner's actions. The case is set for trial on July 13, 2020. No representation can be made as to the outcome of the lawsuit.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and not subject to the alternative minimum tax on individuals, or, except as described therein, corporations.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas.

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.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections “PLAN OF FINANCING – Escrow Agreement,” and “– Defeasance of the Refunded Bonds” (but only insofar as such section relates to the legal opinion of Bond Counsel), “THE BONDS,” “THE DISTRICT – General,” “– Strategic Partnership Agreement with the City of Conroe,” and “– Management of the District – Bond Counsel and General Counsel,” “TAXING PROCEDURES,” and “LEGAL MATTERS – Legal Opinions" (insofar as such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton L.L.P, Dallas, Texas, has reviewed the information appearing in this Official Statement under the caption "LEGAL MATTERS" (insofar as such section relates to the opinion of Special Tax Counsel) solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this Official Statement, nor have such firms 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 such firms’ 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 of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by the Verification Agent and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Special Tax Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is**

not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public 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 in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, 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. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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 date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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, 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 ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the District relating to (a) computation of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yields on the Bonds, and (c) compliance with the Ordinance. The computations were independently verified by Robert Thomas CPA, LLC, based upon certain assumptions and information supplied by the Financial Advisor on behalf of the District, and the District. Robert Thomas CPA, LLC has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB through its EMMA system.

The financial information and operating data which will be provided with respect to the District is found under the headings "DISTRICT DEBT," "TAX DATA," and "APPENDIX A." The District will update and provide this information to EMMA within six months after the end of each of its fiscal years. 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 EMMA within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-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 within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule or the sale of all or substantially all of the assets of the District 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, 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, 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 Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the 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 registered 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 or the Developer, 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 SEC Rule 15c2-12, taking into account any amendments and interpretations of such Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied with all continuing disclosure requirements in accordance with SEC Rule 15c2-12.

GENERAL CONSIDERATIONS

General

The information contained in this Official Statement has been obtained primarily from the District’s records, the Engineer, the Tax Assessor/Collector, the Appraisal District 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, orders and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of February 28, 2019, and for the year then ended, included in the offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A” to this Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, the engineering information included in the section captioned "THE SYSTEM" has been provided by Jones & Carter, 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 this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Appraisal District and Wheeler & Associates, Inc. The District has included certain information herein in reliance upon the authority of Wheeler & Associates, Inc. and the Appraisal District as experts in the field of tax assessing and real property appraisal.

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the "SEC")), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge, 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.

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 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 Montgomery County Municipal Utility District No. 95 as of the date shown on the first page hereof.

/s/ Asa Hoffman
President, Board of Directors
Montgomery County Municipal Utility District No. 95

ATTEST:

/s/ Ray Schmidt
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 95

APPENDIX A

Independent Auditor's Report and Financial Statements of the District

Montgomery County Municipal Utility District No. 95

Montgomery County, Texas

Independent Auditor's Report and Financial Statements

February 28, 2019

BKD
CPAs & Advisors

Montgomery County Municipal Utility District No. 95
February 28, 2019

Contents

BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
713.499.4600 | Fax 713.499.4699 | bkd.com

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 95
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 95 (the District), as of and for the year ended February 28, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 28, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Other 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
July 12, 2019

Montgomery County Municipal Utility District No. 95
Management's Discussion and Analysis
February 28, 2019

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2019	2018
Current and other assets	$ 6,636,373	$ 4,523,372
Capital assets	29,863,367	27,489,787
Total assets	$ 36,499,740	$ 32,013,159
Long-term liabilities	$ 37,897,720	$ 34,963,082
Other liabilities	1,688,957	437,711
Total liabilities	39,586,677	35,400,793
Net position:		
Net investment in capital assets	(8,009,025)	(7,386,074)
Restricted	2,039,551	1,773,388
Unrestricted	2,882,537	2,225,052
Total net position	$ (3,086,937)	$ (3,387,634)

The total net position of the District increased by $300,697, or about 9 percent. The increase in net position is primarily related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2019	2018
Revenues:		
Property taxes	$ 2,600,993	$ 2,368,827
Charges for services	1,448,725	1,242,559
Other revenues	878,709	214,435
Total revenues	4,928,427	3,825,821

Montgomery County Municipal Utility District No. 95

Management's Discussion and Analysis (Continued)

February 28, 2019

Summary of Changes in Net Position (Continued)

	2019	2018
Expenses:		
Services	$ 2,566,974	$ 1,848,849
Depreciation	825,386	751,748
Debt service	1,235,370	804,461
Total expenses	4,627,730	3,405,058
Change in net position	300,697	420,763
Net position, beginning of year	(3,387,634)	(3,808,397)
Net position, end of year	$ (3,086,937)	$ (3,387,634)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended February 28, 2019, were $4,907,098, an increase of $893,402 from the prior year.

The general fund's fund balance increased by $656,323. This increase was primarily due to tap connection fee revenues exceeding the related tap connection expenditures.

The debt service fund's fund balance increased by $295,927 because property tax revenues generated were greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by $58,848. This net decrease was primarily due to capital outlay expenditures, debt issuance costs and the repayment of a bond anticipation note exceeding proceeds received from the sale of a bond anticipation note and the sale of bonds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes and sewer service and tap connection and inspection fees revenues being greater than anticipated, as well as water service and surface water conversion revenues, other income, purchased services and capital outlay expenditures being less than anticipated. The fund balance as of February 28, 2019, was expected to be $2,361,427 and the actual end-of-year fund balance was $2,860,056.

Montgomery County Municipal Utility District No. 95
Management's Discussion and Analysis (Continued)
February 28, 2019

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2019	2018
Land and improvements	$ 5,685,175	$ 5,590,837
Construction in progress	40,692	-
Water facilities	3,211,334	2,748,112
Wastewater facilities	5,305,515	4,617,475
Drainage facilities	12,144,040	10,860,047
Recreational facilities	3,476,611	3,673,316
Total capital assets	$ 29,863,367	$ 27,489,787

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

Construction in progress relating to Harper's Preserve, Section 14, and Harper's Preserve South Village Horsepen Bayou Trail	$ 40,692
Clearing and grubbing for Harper's Preserve East Village, Phases 1 and 2	94,338
Water, sewer and drainage facilities to serve Harper's Preserve, Sections 8, 9, 10 and 11, and Harper's Trace Channel Crossing	2,070,077
Water, sewer and drainage improvements at Harper's Trace channel crossing	734,667
Harper's Preserve East Village drainage improvements, Phases 1 and 2	116,744
Harper's School Road drainage improvements	75,806
Generator for wastewater treatment plant	30,000
Construction of a 12 x 12 box culvert	36,642
Total additions to capital assets	$ 3,198,966

Debt

The changes in the debt position of the District during the fiscal year ended February 28, 2019, are summarized as follows:

Long-term debt payable, beginning of year	$ 34,963,082
Increases in long-term debt	7,641,452
Decreases in long-term debt	(4,706,814)
Long-term debt payable, end of year	$ 37,897,720

The developer of the District has constructed water, sewer and drainage facilities on behalf of the District under the terms of a contract with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. At February 28, 2019, a liability for developer-constructed capital assets of $12,799,279 was recorded in the government-wide financial statements.

At February 28, 2019, the District had $65,245,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems and $7,100,000 of unlimited tax bonds authorized, but unissued, for parks and recreation facilities within the District.

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service. The Series 2015 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2017 and 2018 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation.

Other Relevant Factors

Relationship to the City of Conroe

Under existing Texas law, since the District lies partially within the extraterritorial jurisdiction of the City of Conroe (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, unless otherwise agreed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Effective January 10, 2013, the District entered into a Strategic Partnership Agreement (the Agreement) with the City which provides, among other things, the terms and conditions upon which the City may annex the District for limited and full purposes. Under the terms of the Agreement, the City has agreed it will not annex the District for limited purposes for 15 years, or for full purposes for 16 years, at which time the City has the option to annex the District for full purposes if it chooses to do so.

Contingencies

The developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $2,800,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Events

On March 20, 2019, the District awarded the sale of its Series 2019 unlimited tax bonds in the amount of $4,580,000 at a net effective interest rate of approximately 3.384 percent. The bonds were sold to reimburse the developer of the District for facilities located within the District's boundaries and to repay the Series 2018 Bond Anticipation Note.

On June 12, 2019, the District sold its $3,445,000 Series 2019 Bond Anticipation Note at an interest rate of 2.18 percent. The note was sold to finance construction projects in the District.

Montgomery County Municipal Utility District No. 95

Statement of Net Position and Governmental Funds Balance Sheet

February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 1,520,359	$ 585,786	$ 300	$ 2,106,445	$ -	$ 2,106,445
Certificates of deposit	1,720,000	400,000	-	2,120,000	-	2,120,000
Short-term investments	916,349	1,035,573	168,228	2,120,150	-	2,120,150
Receivables:						
Property taxes	22,481	45,122	-	67,603	-	67,603
Service accounts	165,955	-	-	165,955	-	165,955
Accrued penalty and interest	-	-	-	-	6,336	6,336
Accrued interest	19,517	4,906	-	24,423	-	24,423
Interfund receivable	146,884	-	-	146,884	(146,884)	-
Due from others	6,450	-	-	6,450	-	6,450
Operating reserve	7,500	-	-	7,500	-	7,500
Prepaid expenditures	11,511	-	-	11,511	-	11,511
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	5,685,175	5,685,175
Construction in progress	-	-	-	-	40,692	40,692
Infrastructure	-	-	-	-	20,660,889	20,660,889
Recreational facilities	-	-	-	-	3,476,611	3,476,611
Total assets	$ 4,537,006	$ 2,071,387	$ 168,528	$ 6,776,921	$ 29,722,819	$ 36,499,740

Montgomery County Municipal Utility District No. 95

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 293,308	$ 867	$ -	$ 294,175	$ -	$ 294,175
Accrued interest payable	-	-	-	-	33,621	33,621
Customer deposits	198,309	-	-	198,309	-	198,309
Due to others	1,118,977	-	-	1,118,977	-	1,118,977
Unearned tap connection fees	43,875	-	-	43,875	-	43,875
Interfund payable	-	8,785	138,099	146,884	(146,884)	-
Long-term liabilities:						
Due within one year	-	-	-	-	710,000	710,000
Due after one year	-	-	-	-	37,187,720	37,187,720
Total liabilities	1,654,469	9,652	138,099	1,802,220	37,784,457	39,586,677
Deferred Inflows of Resources						
Deferred property tax revenues	22,481	45,122	0	67,603	(67,603)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	11,511		-	11,511	(11,511)	-
Restricted:						
Unlimited tax bonds	-	2,016,613	-	2,016,613	(2,016,613)	-
Water, sewer and drainage	-	-	30,429	30,429	(30,429)	-
Assigned, operating reserve	7,500	-	-	7,500	(7,500)	-
Unassigned	2,841,045	-	-	2,841,045	(2,841,045)	-
Total fund balances	2,860,056	2,016,613	30,429	4,907,098	(4,907,098)	0
Total liabilities, deferred inflows of resources and fund balances	$ 4,537,006	$ 2,071,387	$ 168,528	$ 6,776,921		
Net position:						
Net investment in capital assets					(8,009,025)	(8,009,025)
Restricted for debt service					2,034,450	2,034,450
Restricted for capital projects					5,101	5,101
Unrestricted net position					2,882,537	2,882,537
Total net position					$ (3,086,937)	$ (3,086,937)

Montgomery County Municipal Utility District No. 95

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

Year Ended February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 872,772	$ 1,725,728	$ -	$ 2,598,500	$ 2,493	$ 2,600,993
Water service	410,382	-	-	410,382	-	410,382
Sewer service	768,133	-	-	768,133	-	768,133
Surface water conversion	270,210	-	-	270,210	-	270,210
Penalty and interest	21,322	16,467	-	37,789	(519)	37,270
Tap connection and inspection fees	772,011	-	-	772,011	-	772,011
Investment income	45,704	20,237	3,081	69,022	-	69,022
Other income	406	-	-	406	-	406
Total revenues	3,160,940	1,762,432	3,081	4,926,453	1,974	4,928,427
Expenditures/Expenses						
Service operations:						
Purchased services	987,514	-	-	987,514	-	987,514
Professional fees	326,499	6,045	-	332,544	115,325	447,869
Contracted services	144,430	36,072	-	180,502	2,345	182,847
Utilities	1,813	-	-	1,813	-	1,813
Repairs and maintenance	320,777	-	-	320,777	135,471	456,248
Other expenditures	51,631	11,691	36	63,358	300,000	363,358
Tap connections	127,325	-	-	127,325	-	127,325
Capital outlay	566,865	-	3,598,542	4,165,407	(4,165,407)	-
Depreciation	-	-	-	-	825,386	825,386
Debt service:						
Principal retirement	-	590,000	1,830,000	2,420,000	(2,420,000)	-
Interest and fees	-	822,697	5,708	828,405	81,395	909,800
Debt issuance costs	-	-	325,570	325,570	-	325,570
Total expenditures/expenses	2,526,854	1,466,505	5,759,856	9,753,215	(5,125,485)	4,627,730
Excess (Deficiency) of Revenues Over Expenditures	634,086	295,927	(5,756,775)	(4,826,762)	5,127,459	

Montgomery County Municipal Utility District No. 95

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	$ (3,263)	$ -	$ 3,263	$ -	$ -	
Repayment of developer advances	-	-	(190,860)	(190,860)	190,860	
Developer advances received	25,500	-	-	25,500	(25,500)	
General obligation bonds issued	-	-	3,300,000	3,300,000	(3,300,000)	
Discount on debt issued	-	-	(94,476)	(94,476)	94,476	
Bond anticipation notes issued	-	-	2,680,000	2,680,000	(2,680,000)	
Total other financing sources (uses)	22,237	0	5,697,927	5,720,164	(5,720,164)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	656,323	295,927	(58,848)	893,402	(893,402)	
Change in Net Position					300,697	$ 300,697
Fund Balances/Net Position						
Beginning of year	2,203,733	1,720,686	89,277	4,013,696	-	(3,387,634)
End of year	$ 2,860,056	$ 2,016,613	$ 30,429	$ 4,907,098	$ 0	$ (3,086,937)

Montgomery County Municipal Utility District No. 95

Notes to Financial Statements

February 28, 2019

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

Montgomery County Municipal Utility District No. 95 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), dated March 18, 2003, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended February 28, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended February 28, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	10-25

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	29,863,367
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		67,603
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		6,336
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(33,621)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(37,897,720)
Adjustment to fund balances to arrive at net position.	$	(7,994,035)

Montgomery County Municipal Utility District No. 95

Notes to Financial Statements

February 28, 2019

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

Change in fund balances.	$	893,402
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and noncapitalized expenditures in the current period.		2,786,880
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.		165,360
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		94,476
Governmental funds report proceeds from sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.		(3,560,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.		1,974
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(81,395)
Change in net position of governmental activities.	$	300,697

Note 2: Deposits and Investment Income

Deposits

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

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

At February 28, 2019, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

At February 28, 2019, the District had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	$ 2,120,150	$ 2,120,150	$ 0	$ 0	$ 0

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At February 28, 2019, the District's investments in Texas CLASS were rated "AAAm," by Standard and Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at February 28, 2019, as follows:

Carrying value:		
Deposits	$	4,226,445
Investments		2,120,150
Total	$	6,346,595

Included in the following statement of net position captions:

Cash	$	2,106,445
Certificates of deposit		2,120,000
Short-term investments		2,120,150
Total	$	6,346,595

Investment Income

Investment income of $69,022 for the year ended February 28, 2019, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of February 28, 2019:

- Pooled investments of $2,120,150 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended February 28, 2019, is as follows.

Montgomery County Municipal Utility District No. 95
Notes to Financial Statements
February 28, 2019

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 5,590,837	$ 94,338	$ 5,685,175
Construction in progress	-	40,692	40,692
Total capital assets, non-depreciable	5,590,837	135,030	5,725,867
Capital assets, depreciable:			
Water production and distribution facilities	3,191,528	548,226	3,739,754
Wastewater collection and treatment facilities	5,340,513	848,368	6,188,881
Drainage facilities	11,837,289	1,667,342	13,504,631
Recreational facilities	4,136,026	-	4,136,026
Total capital assets, depreciable	24,505,356	3,063,936	27,569,292
Less accumulated depreciation:			
Water production and distribution facilities	(443,416)	(85,004)	(528,420)
Wastewater collection and treatment facilities	(723,038)	(160,328)	(883,366)
Drainage facilities	(977,242)	(383,349)	(1,360,591)
Recreational facilities	(462,710)	(196,705)	(659,415)
Total accumulated depreciation	(2,606,406)	(825,386)	(3,431,792)
Total governmental activities, net	$ 27,489,787	$ 2,373,580	$ 29,863,367

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended February 28, 2019, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 20,190,000	$ 3,300,000	$ 590,000	$ 22,900,000	$ 710,000
Less discounts on bonds	584,659	94,476	18,585	660,550	-
	19,605,341	3,205,524	571,415	22,239,450	710,000
Bond anticipation note payable	1,830,000	2,680,000	1,830,000	2,680,000	-
Developer advances	344,351	25,500	190,860	178,991	-
Due to developer	13,183,390	1,730,428	2,114,539	12,799,279	-
Total governmental activities long-term liabilities	$ 34,963,082	$ 7,641,452	$ 4,706,814	$ 37,897,720	$ 710,000

General Obligation Bonds

	Series 2012	Series 2013
Amounts outstanding, February 28, 2019	$2,925,000	$2,640,000
Interest rates	2.250% to 4.125%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2019/2037	September 1, 2019/2038
Interest payment dates	September 1 / March 1	September 1 / March 1
Callable dates*	September 1, 2020	September 1, 2021

	Series 2014	Series 2015
Amounts outstanding, February 28, 2019	$2,350,000	$3,125,000
Interest rates	2.250% to 4.125%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2039	September 1, 2019/2040
Interest payment dates	September 1 / March 1	September 1 / March 1
Callable dates*	September 1, 2022	September 1, 2023

	Series 2017	Series 2018
Amounts outstanding, February 28, 2019	$8,560,000	$3,300,000
Interest rates	3.00% to 5.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2041	September 1, 2019/2042
Interest payment dates	September 1 / March 1	September 1 / March 1
Callable dates*	September 1, 2024	September 1, 2023

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

Annual Debt Service Requirements

The District has been paying the amount due March 1 within the fiscal year preceding this due date and the following schedule has been prepared assuring this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at February 28, 2019.

Year	Principal	Interest	Total
2020	$ 710,000	$ 817,327	$ 1,527,327
2021	735,000	790,223	1,525,223
2022	765,000	762,806	1,527,806
2023	790,000	737,009	1,527,009
2024	815,000	712,053	1,527,053
2025-2029	4,505,000	3,142,212	7,647,212
2030-2034	5,345,000	2,296,432	7,641,432
2035-2039	6,275,000	1,188,169	7,463,169
2040-2043	2,960,000	168,762	3,128,762
Total	$ 22,900,000	$ 10,614,993	$ 33,514,993

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

Water, sewer and drainage bonds voted	$ 90,000,000
Water, sewer and drainage bonds sold	24,755,000
Park bonds voted	7,100,000
Refunding bonds authorized	97,100,000

Due to Developer

The developer of the District has advanced $1,513,358 to the District for operating expenses, of which $1,334,367 has been reimbursed and $178,991 remains. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission, from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

The developer of the District has also constructed underground utilities on behalf of the District. The District's engineer estimates reimbursable costs for completed projects are $12,799,279. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission, from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Note

On August 22, 2018, the District issued its Series 2018 Bond Anticipation Note in the amount of $2,680,000. The note is dated August 22, 2018, bears interest at the rate of 2.41 percent and matures August 21, 2019, unless called for early redemption. The note is a special limited obligation of the District and is payable solely from proceeds from the sale of bonds and, therefore, has been excluded from the current portion of long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended February 28, 2019, the District levied an ad valorem debt service tax at the rate of $0.8300 per $100 of assessed valuation, which resulted in a tax levy of $1,728,074 on the taxable valuation of $208,201,766 for the 2018 tax year. The principal and interest requirements to be paid from the tax revenues are $1,540,632 of which $415,316 has been paid and $1,125,316 is due September 1, 2019.

Note 6: Maintenance Taxes

At an election held May 3, 2003, voters authorized maintenance tax not to exceed $1.40 per $100 valuation on all property within the District subject to taxation. During the year ended February 28, 2019, the District levied an ad valorem general operations and maintenance tax at the rate of $0.4200 per $100 of assessed valuation, which resulted in a tax levy of $874,447 on the taxable valuation of $208,201,766 for the 2018 tax year. The maintenance tax is being used by the general fund to pay general expenditures of operating the District.

At an election held May 10, 2008, voters authorized a recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property within the District subject to taxation. During the year ended February 28, 2019, the District did not levy an ad valorem recreational facilities maintenance tax.

Note 7: Agreement With Other District

Effective May 12, 2010, and as subsequently amended, the District entered into a 50-year waste disposal, water supply and drainage services agreement with Montgomery County Municipal Utility District No. 15 (District No. 15). The agreement provides for sanitary sewer collection and treatment services, water supply and distribution services, and of the gathering, conducting, diverting and controlling of storm water.

District No. 15 currently owns a wastewater treatment plant (No. 15 WWTP) with capacity to treat 600,000 gallons per day (gpd) (Phase II expansion). Each district's capacity in the wastewater treatment plant after the Phase II expansion is as follows:

The District	112,000	gpd	18.67	%
District No. 15	488,000		81.33	
Total	600,000	gpd	100.00	%

District No. 15 currently owns a water plant (No. 15 WP) with capacity to serve 1,500 equivalent single-family connections (esfc). Under the terms of the agreement, the District has purchased a total of 400 esfc of capacity in the No. 15 WP.

Each district will pay both fixed and variable monthly operation and maintenance expenses for sewage, water supply and drainage services. During the current year, the District incurred operating costs of $474,540 for sewer service and $512,974 for water service.

As part of the Strategic Partnership Agreement (the Agreement) (see Note 8), the District has purchased additional water supply and wastewater treatment capacity in the City of Conroe's (the City) facilities sufficient to serve 3,500 esfc, and received an additional 300 connections to serve portions of District No. 15 pursuant to a service agreement with District No. 15.

Note 8: Strategic Partnership Agreement

Effective January 10, 2013, the District and the City entered into the Agreement, which provided, among other things, the terms and provisions upon which the City may annex the District for limited and full purposes. The City has agreed it will not annex the District for limited purposes for 15 years or for full purposes for 16 years, as measured from the effective date of the Agreement.

Note 9: Contingencies

The developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $2,800,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Risk Management

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

Note 11: Subsequent Events

On March 20, 2019, the District awarded the sale of its Series 2019 unlimited tax bonds in the amount of $4,580,000 at a net effective interest rate of approximately 3.384 percent. The bonds were sold to reimburse the developer of the District for facilities located within the District's boundaries and to repay the Series 2018 Bond Anticipation Note.

On June 12, 2019, the District sold its $3,445,000 Series 2019 Bond Anticipation Note at an interest rate of 2.18 percent. The note was sold to finance construction projects in the District.

Required Supplementary Information

Montgomery County Municipal Utility District No. 95

Budgetary Comparison Schedule – General Fund

Year Ended February 28, 2019

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 847,896	$ 847,896	$ 872,772	$ 24,876
Water service	467,000	448,000	410,382	(37,618)
Sewer service	642,600	744,000	768,133	24,133
Surface water conversion	389,400	303,000	270,210	(32,790)
Penalty and interest	28,000	28,000	21,322	(6,678)
Tap connection and inspection fees	111,860	741,100	772,011	30,911
Investment income	15,750	33,500	45,704	12,204
Other income	103,550	93,800	406	(93,394)
Total revenues	2,606,056	3,239,296	3,160,940	(78,356)
Expenditures				
Service operations:				
Purchased services	1,153,000	1,108,500	987,514	120,986
Professional fees	226,500	378,500	326,499	52,001
Contracted services	136,289	136,500	144,430	(7,930)
Utilities	1,700	1,800	1,813	(13)
Repairs and maintenance	252,500	326,500	320,777	5,723
Other expenditures	210,666	56,300	51,631	4,669
Tap connections	45,000	115,000	127,325	(12,325)
Capital outlay	567,800	958,502	566,865	391,637
Total expenditures	2,593,455	3,081,602	2,526,854	554,748
Excess of Revenues Over Expenditures	12,601	157,694	634,086	476,392
Other Financing Sources (Uses)				
Interfund transfers out	-	-	(3,263)	(3,263)
Developer advances received	-	-	25,500	25,500
Total other financing sources	0	0	22,237	22,237
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	12,601	157,694	656,323	498,629
Fund Balance, Beginning of Year	2,203,733	2,203,733	2,203,733	-
Fund Balance, End of Year	$ 2,216,334	$ 2,361,427	$ 2,860,056	$ 498,629

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2019.

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

Other Information

Montgomery County Municipal Utility District No. 95
Other Schedules Included Within This Report
February 28, 2019

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-28

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund

[X] Board Members, Key Personnel and Consultants

Montgomery County Municipal Utility District No. 95

Schedule of Services and Rates

Year Ended February 28, 2019

1. Services provided by the District:

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

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

___ Other ___

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 Levels		
Water:	$ 17.16	3,000	N	$ 3.66	3,001	to	10,000
				$ 4.51	10,001	to	15,000
				$ 5.35	15,001	to	25,000
				$ 6.11	25,001	to	35,000
				$ 10.68	35,001	to	No Limit
Wastewater:	$ 95.30	0	Y				
Regional water fee:	$ 3.21	1,000	N	$ 3.21	1,000	to	No Limit

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 74.88 Wastewater $ 95.30

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	729	721	x1.0	721
1"	5	5	x2.5	13
1 1/2"	3	3	x5.0	15
2"	17	17	x8.0	136
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	757	749		1,095
Total wastewater	732	724	x1.0	724

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	86,603
Gallons billed to customers:	84,828
Water accountability ratio (gallons billed/gallons pumped):	97.95%

*"ESFC" means equivalent single-family connections

Montgomery County Municipal Utility District No. 95
Schedule of General Fund Expenditures
Year Ended February 28, 2019

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 17,800	
Legal	176,359	
Engineering	132,340	
Financial advisor	-	326,499
Purchased Services for Resale		
Bulk water and wastewater service purchases		987,514
Regional Water Fee		-
Contracted Services		
Bookkeeping	22,556	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	33,208	55,764
Utilities		1,813
Repairs and Maintenance		320,777
Administrative Expenditures		
Directors' fees	8,400	
Office supplies	5,262	
Insurance	10,750	
Other administrative expenditures	27,219	51,631
Capital Outlay		
Capitalized assets	131,394	
Expenditures not capitalized	435,471	566,865
Tap Connection Expenditures		127,325
Solid Waste Disposal		88,666
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 2,526,854

Montgomery County Municipal Utility District No. 95

Schedule of Temporary Investments

February 28, 2019

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 497537	1.70%	05/16/19	$ 100,000	$ 1,341
No. 83267658	2.50%	11/05/19	240,000	1,890
No. 66000625	2.30%	08/03/19	100,000	1,317
No. 66000637	2.30%	10/08/19	100,000	901
No. 71108376	2.15%	06/13/19	100,000	1,532
No. 71109704	2.15%	07/05/19	100,000	1,408
No. 11767	2.65%	02/01/20	100,000	189
No. 9009003966	2.00%	04/11/19	100,000	1,759
No. 9009003965	2.00%	06/07/19	100,000	1,452
No. 137246836	2.67%	11/26/19	240,000	2,212
No. 13919	1.25%	03/09/19	100,000	1,216
No. 16297	2.00%	05/29/19	100,000	1,507
No. 3216000311	2.40%	09/04/19	240,000	2,793
Texas CLASS	2.64%	Demand	25,775	-
Texas CLASS	2.64%	Demand	34,061	-
Texas CLASS	2.64%	Demand	856,513	-
			2,636,349	19,517
Debt Service Fund				
Certificates of Deposit				
No. 318	2.30%	08/22/19	100,000	1,197
No. 66000672	2.30%	08/21/19	100,000	1,204
No. 306654	2.40%	08/22/19	100,000	1,249
No. 312769	2.40%	08/20/19	100,000	1,256
Texas CLASS	2.64%	Demand	1,035,573	-
			1,435,573	4,906
Capital Projects Fund				
Texas CLASS	2.64%	Demand	8,976	-
Texas CLASS	2.64%	Demand	74,108	-
Texas CLASS	2.64%	Demand	85,144	-
			168,228	0
Totals			$ 4,240,150	$ 24,423

Montgomery County Municipal Utility District No. 95

Analysis of Taxes Levied and Receivable

Year Ended February 28, 2019

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 21,319	$ 43,791
Additions and corrections to prior years' taxes	(513)	(1,015)
Adjusted receivable, beginning of year	20,806	42,776
2018 Original Tax Levy	872,307	1,723,845
Additions and corrections	2,140	4,229
Adjusted tax levy	874,447	1,728,074
Total to be accounted for	895,253	1,770,850
Tax Collections: Current year	(853,529)	(1,686,735)
Prior years	(19,243)	(38,993)
Receivable, end of year	$ 22,481	$ 45,122
Receivable, by Year		
2018	$ 20,918	$ 41,339
2016	1,563	3,783
Receivable, end of year	$ 22,481	$ 45,122

Montgomery County Municipal Utility District No. 95

Analysis of Taxes Levied and Receivable (Continued)

Year Ended February 28, 2019

	2018	2017	2016	2015
Property Valuations				
Land	$ 41,637,900	$ 33,692,640	$ 29,742,150	$ 19,627,630
Improvements	171,337,080	157,971,570	127,919,980	99,109,300
Personal property	3,570,396	2,817,071	2,307,465	1,014,484
Exemptions	(8,343,610)	(4,925,402)	(4,445,993)	(5,219,075)
Total property valuations	$ 208,201,766	$ 189,555,879	$ 155,523,602	$ 114,532,339
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.8300	$ 0.8300	$ 0.9200	$ 0.7000
Maintenance tax rates*	0.4200	0.4200	0.3800	0.6000
Total tax rates per $100 valuation	$ 1.2500	$ 1.2500	$ 1.3000	$ 1.3000
Tax Levy	$ 2,602,521	$ 2,369,454	$ 2,021,807	$ 1,488,920
Percent of Taxes Collected to Taxes Levied**	97%	100%	99%	100%

*Maximum tax rate approved by voters: $1.40 on May 3, 2003

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

Montgomery County Municipal Utility District No. 95

Schedule of Long-term Debt Service Requirements by Years

February 28, 2019

	Series 2012		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 90,000	$ 112,144	$ 202,144
2021	95,000	109,321	204,321
2022	100,000	106,224	206,224
2023	105,000	102,814	207,814
2024	110,000	99,104	209,104
2025	115,000	95,166	210,166
2026	125,000	90,888	215,888
2027	130,000	86,185	216,185
2028	140,000	81,035	221,035
2029	145,000	75,423	220,423
2030	155,000	69,423	224,423
2031	165,000	63,023	228,023
2032	175,000	56,135	231,135
2033	185,000	48,755	233,755
2034	195,000	40,941	235,941
2035	205,000	32,691	237,691
2036	215,000	24,028	239,028
2037	230,000	14,850	244,850
2038	245,000	5,053	250,053
Total	$ 2,925,000	$ 1,313,203	$ 4,238,203

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95
Schedule of Long-term Debt Service Requirements by Years (Continued)
February 28, 2019

	Series 2013		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 80,000	$ 111,825	$ 191,825
2021	85,000	109,350	194,350
2022	90,000	106,612	196,612
2023	95,000	103,606	198,606
2024	95,000	100,400	195,400
2025	100,000	96,988	196,988
2026	105,000	93,269	198,269
2027	110,000	89,238	199,238
2028	120,000	84,775	204,775
2029	125,000	79,875	204,875
2030	130,000	74,612	204,612
2031	135,000	68,813	203,813
2032	145,000	62,513	207,513
2033	150,000	55,875	205,875
2034	160,000	48,700	208,700
2035	165,000	40,981	205,981
2036	175,000	32,906	207,906
2037	185,000	24,125	209,125
2038	190,000	14,750	204,750
2039	200,000	5,000	205,000
Total	$ 2,640,000	$ 1,404,213	$ 4,044,213

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95
Schedule of Long-term Debt Service Requirements by Years (Continued)
February 28, 2019

	Series 2014		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 65,000	$ 86,889	$ 151,889
2021	70,000	85,283	155,283
2022	75,000	83,376	158,376
2023	80,000	81,145	161,145
2024	80,000	78,705	158,705
2025	85,000	76,062	161,062
2026	90,000	73,130	163,130
2027	95,000	69,938	164,938
2028	100,000	66,475	166,475
2029	105,000	62,732	167,732
2030	105,000	58,795	163,795
2031	110,000	54,600	164,600
2032	120,000	50,000	170,000
2033	125,000	45,100	170,100
2034	130,000	40,000	170,000
2035	135,000	34,700	169,700
2036	140,000	29,200	169,200
2037	150,000	23,306	173,306
2038	155,000	17,016	172,016
2039	165,000	10,416	175,416
2040	170,000	3,506	173,506
Total	$ 2,350,000	$ 1,130,374	$ 3,480,374

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95

Schedule of Long-term Debt Service Requirements by Years (Continued)

February 28, 2019

	Series 2015		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 90,000	$ 102,556	$ 192,556
2021	95,000	100,706	195,706
2022	100,000	98,256	198,256
2023	105,000	95,181	200,181
2024	105,000	92,031	197,031
2025	110,000	88,807	198,807
2026	115,000	85,431	200,431
2027	120,000	81,907	201,907
2028	125,000	78,231	203,231
2029	130,000	74,406	204,406
2030	135,000	70,431	205,431
2031	140,000	66,307	206,307
2032	145,000	61,850	206,850
2033	150,000	57,057	207,057
2034	160,000	51,919	211,919
2035	165,000	46,434	211,434
2036	170,000	40,675	210,675
2037	180,000	34,550	214,550
2038	185,000	27,700	212,700
2039	190,000	20,200	210,200
2040	200,000	12,400	212,400
2041	210,000	4,200	214,200
Total	$ 3,125,000	$ 1,391,235	$ 4,516,235

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95
Schedule of Long-term Debt Service Requirements by Years (Continued)
February 28, 2019

Due During Fiscal Years Ending February 28	Series 2017 Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 285,000	$ 293,425	$ 578,425
2021	285,000	279,175	564,175
2022	285,000	266,350	551,350
2023	290,000	256,300	546,300
2024	310,000	247,300	557,300
2025	315,000	237,925	552,925
2026	315,000	228,475	543,475
2027	320,000	218,950	538,950
2028	320,000	209,350	529,350
2029	330,000	199,600	529,600
2030	345,000	189,475	534,475
2031	350,000	178,613	528,613
2032	350,000	167,238	517,238
2033	365,000	155,391	520,391
2034	365,000	143,072	508,072
2035	385,000	130,175	515,175
2036	395,000	116,525	511,525
2037	395,000	102,453	497,453
2038	415,000	87,772	502,772
2039	505,000	70,781	575,781
2040	525,000	51,468	576,468
2041	545,000	31,406	576,406
2042	565,000	10,593	575,593
Total	$ 8,560,000	$ 3,871,812	$ 12,431,812

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95

Schedule of Long-term Debt Service Requirements by Years (Continued)

February 28, 2019

	Series 2018		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 100,000	$ 110,488	$ 210,488
2021	105,000	106,388	211,388
2022	115,000	101,988	216,988
2023	115,000	97,963	212,963
2024	115,000	94,513	209,513
2025	120,000	90,988	210,988
2026	120,000	87,388	207,388
2027	125,000	83,713	208,713
2028	125,000	79,884	204,884
2029	125,000	75,978	200,978
2030	125,000	71,994	196,994
2031	130,000	67,850	197,850
2032	130,000	63,625	193,625
2033	130,000	59,400	189,400
2034	140,000	54,925	194,925
2035	135,000	50,284	185,284
2036	140,000	45,556	185,556
2037	145,000	40,568	185,568
2038	145,000	35,493	180,493
2039	170,000	29,981	199,981
2040	175,000	23,834	198,834
2041	185,000	17,309	202,309
2042	190,000	10,512	200,512
2043	195,000	3,534	198,534
Total	$ 3,300,000	$ 1,504,156	$ 4,804,156

The District pays the amount due March 1 prior to that date. This schedule has been prepared assuming this practice will continued in the future.

Montgomery County Municipal Utility District No. 95

Schedule of Long-term Debt Service Requirements by Years (Continued)

February 28, 2019

	Annual Requirements For All Series		
Due During Fiscal Years Ending February 28	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 710,000	$ 817,327	$ 1,527,327
2021	735,000	790,223	1,525,223
2022	765,000	762,806	1,527,806
2023	790,000	737,009	1,527,009
2024	815,000	712,053	1,527,053
2025	845,000	685,936	1,530,936
2026	870,000	658,581	1,528,581
2027	900,000	629,931	1,529,931
2028	930,000	599,750	1,529,750
2029	960,000	568,014	1,528,014
2030	995,000	534,730	1,529,730
2031	1,030,000	499,206	1,529,206
2032	1,065,000	461,361	1,526,361
2033	1,105,000	421,578	1,526,578
2034	1,150,000	379,557	1,529,557
2035	1,190,000	335,265	1,525,265
2036	1,235,000	288,890	1,523,890
2037	1,285,000	239,852	1,524,852
2038	1,335,000	187,784	1,522,784
2039	1,230,000	136,378	1,366,378
2040	1,070,000	91,208	1,161,208
2041	940,000	52,915	992,915
2042	755,000	21,105	776,105
2043	195,000	3,534	198,534
Total	$ 22,900,000	$ 10,614,993	$ 33,514,993

Montgomery County Municipal Utility District No. 95

Changes in Long-term Bonded Debt

Year Ended February 28, 2019

	Bond		
	Series 2012	**Series 2013**	**Series 2014**
Interest rates	2.250% to 4.125%	3.00% to 5.00%	2.250% to 4.125%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2019/2037	September 1, 2019/2038	September 1, 2019/2039
Bonds outstanding, beginning of current year	$ 3,010,000	$ 2,715,000	$ 2,415,000
Bonds sold during current year	-	-	-
Retirements, principal	85,000	75,000	65,000
Bonds outstanding, end of current year	$ 2,925,000	$ 2,640,000	$ 2,350,000
Interest paid during current year	$ 114,663	$ 114,150	$ 88,351

Paying agent's name and address:

Series 2012 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2013 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 - Amegy Bank National Association, Houston, Texas
Series 2015 - Amegy Bank National Association, Houston, Texas
Series 2017 - Amegy Bank National Association, Houston, Texas
Series 2018 - ZB, National Association dba Amegy Bank, Houston, Texas

Bond authority:

	Tax Bonds	Park Bonds	Refunding Bonds
Amount authorized by voters	$ 90,000,000	$ 7,100,000	$ 97,100,000
Amount issued	$ 24,755,000	$ -	$ -
Remaining to be issued	$ 65,245,000	$ 7,100,000	$ 97,100,000

Debt service fund cash and temporary investment balances as of February 28, 2019: $ 2,021,359

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 1,396,458

Issues

Series 2015		Series 2017		Series 2018		Totals	
2.00% to 4.00%		3.00% to 5.00%		3.00% to 4.00%			
September 1/ March 1		September 1/ March 1		September 1/ March 1			
September 1, 2019/2040		September 1, 2019/2041		September 1, 2019/2042			
$	3,215,000	$	8,835,000	$	-	$	20,190,000
	-		-		3,300,000		3,300,000
	90,000		275,000		-		590,000
$	3,125,000	$	8,560,000	$	3,300,000	$	22,900,000
$	104,356	$	307,425	$	91,552	$	820,497

Montgomery County Municipal Utility District No. 95

Comparative Schedule of Revenues and Expenditures – General Fund

Three Years Ended February 28, 2019, 2018 and 2017, One Year Ended February 29, 2016, and One Year Ended February 28, 2015

	Amounts				
	2019	**2018**	**2017**	**2016**	**2015**
General Fund					
Revenues					
Property taxes	$ 872,772	$ 792,093	$ 595,382	$ 671,833	$ 552,665
Water service	410,382	394,012	299,697	196,179	130,557
Sewer service	768,133	596,313	443,149	345,335	273,893
Surface water conversion	270,210	252,234	200,790	128,598	108,647
Penalty and interest	21,322	25,900	17,146	8,624	6,421
Tap connection and inspection fees	772,011	129,654	265,220	347,786	63,591
Investment income	45,704	14,259	7,522	3,012	382
Other income	406	19,936	-	4,959	8,161
Total revenues	3,160,940	2,224,401	1,828,906	1,706,326	1,144,317
Expenditures					
Service operations:					
Purchased services	987,514	949,343	636,000	258,086	164,633
Professional fees	326,499	211,948	226,222	212,934	129,839
Contracted services	144,430	133,370	114,899	96,691	84,157
Utilities	1,813	1,719	1,256	812	865
Repairs and maintenance	320,777	320,372	192,546	169,629	130,707
Other expenditures	51,631	56,506	64,917	39,901	44,618
Tap connections	127,325	63,175	100,630	162,815	33,000
Capital outlay	566,865	55,101	127,084	30,689	26,090
Purchase of capacity	-	-	-	-	34,684
Debt service, debt issuance costs	-	-	9,280	18,500	-
Total expenditures	2,526,854	1,791,534	1,472,834	990,057	648,593
Excess of Revenues Over Expenditures	634,086	432,867	356,072	716,269	495,724
Other Financing Sources (Uses)					
Interfund transfers in (out)	(3,263)	9,280	-	(4,258)	-
Developer advances received	25,500	-	-	-	-
Total other financing sources (uses)	22,237	9,280	0	(4,258)	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	656,323	442,147	356,072	712,011	495,724
Fund Balance, Beginning of Year	2,203,733	1,761,586	1,405,514	693,503	197,779
Fund Balance, End of Year	$ 2,860,056	$ 2,203,733	$ 1,761,586	$ 1,405,514	$ 693,503
Total Active Retail Water Connections	749	640	575	485	373
Total Active Retail Wastewater Connections	724	621	559	471	369

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
27.6 %	35.3 %	32.6 %	39.4 %	48.3 %
13.0	17.6	16.4	11.5	11.4
24.3	26.6	24.2	20.2	24.0
8.6	11.2	11.0	7.5	9.5
0.7	1.1	0.9	0.5	0.5
24.4	6.7	14.5	20.4	5.6
1.4	0.6	0.4	0.2	0.0
0.0	0.9	-	0.3	0.7
100.0	100.0	100.0	100.0	100.0
31.2	42.7	34.8	15.1	14.4
10.3	9.5	12.4	12.5	11.3
4.6	6.0	6.3	5.7	7.4
0.1	0.1	0.1	0.1	0.1
10.2	14.4	10.5	9.9	11.4
1.6	2.5	3.5	2.3	3.9
4.0	2.8	5.5	9.5	2.9
17.9	2.5	6.9	1.8	2.3
-	-	-	-	3.0
-	-	0.5	1.1	-
79.9	80.5	80.5	58.0	56.7
20.1 %	19.5 %	19.5 %	42.0 %	43.3 %

Montgomery County Municipal Utility District No. 95

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Three Years Ended February 28, 2019, 2018 and 2017, One Year Ended February 29, 2016, and One Year Ended February 28, 2015

	Amounts				
	2019	2018	2017	2016	2015
Debt Service Fund					
Revenues					
Property taxes	$ 1,725,728	$ 1,571,353	$ 1,414,041	$ 783,090	$ 581,586
Penalty and interest	16,467	9,473	7,836	5,067	7,693
Investment income	20,237	10,574	3,695	2,454	1,458
Total revenues	1,762,432	1,591,400	1,425,572	790,611	590,737
Expenditures					
Current:					
Professional fees	6,045	150	5,170	1,583	2,884
Contracted services	36,072	35,059	22,847	20,734	16,699
Other expenditures	11,691	8,518	6,998	8,148	6,986
Debt service:					
Principal retirement	590,000	740,000	325,000	135,000	65,000
Interest and fees	822,697	759,463	438,164	357,637	280,717
Total expenditures	1,466,505	1,543,190	798,179	523,102	372,286
Excess of Revenues Over Expenditures	295,927	48,210	627,393	267,509	218,451
Fund Balance, Beginning of Year	1,720,686	1,672,476	1,045,083	777,574	559,123
Fund Balance, End of Year	$ 2,016,613	$ 1,720,686	$ 1,672,476	$ 1,045,083	$ 777,574

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
97.9 %	98.7 %	99.2 %	99.1 %	98.5 %
0.9	0.6	0.5	0.6	1.3
1.2	0.7	0.3	0.3	0.2
100.0	100.0	100.0	100.0	100.0
0.3	0.0	0.4	0.2	0.5
2.0	2.2	1.6	2.6	2.8
0.7	0.5	0.5	1.0	1.2
33.5	46.5	22.8	17.1	11.0
46.7	47.7	30.7	45.3	47.5
83.2	96.9	56.0	66.2	63.0
16.8 %	3.1 %	44.0 %	33.8 %	37.0 %

Montgomery County Municipal Utility District No. 95

Board Members, Key Personnel and Consultants

Year Ended February 28, 2019

Complete District mailing address:	Montgomery County Municipal Utility District No. 95 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		June 7, 2018
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Asa Hoffman	Elected 05/16-05/20	$ 1,500	$ 0	President
Jack Seitzinger	Elected 05/18-05/22	1,200	0	Vice President
Ray Schmidt	Elected 05/16-05/20	1,800	0	Secretary
Jeffrey Little	Elected 05/18-05/22	900	0	Assistant Secretary
Kari Romano	Elected 05/18-05/22	1,350	0	Assistant Secretary

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

Montgomery County Municipal Utility District No. 95

Board Members, Key Personnel and Consultants (Continued)

Year Ended February 28, 2019

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Louis D. Carpenter	Appointed 05/14-05/18	$ 600	$ 0	Term Expired
Roy Martino	Elected 05/14-05/18	450	164	Term Expired
David P. Corley	Elected 05/14-05/18	600	35	Term Expired

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

Montgomery County Municipal Utility District No. 95

Board Members, Key Personnel and Consultants (Continued)

Year Ended February 28, 2019

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	02/11/04	$ 37,200	Auditor
Jones & Carter, Inc.	03/19/03	332,529	Engineer
Montgomery Central Appraisal District	Legislative Action	21,933	Appraiser
Municipal Accounts & Consulting, L.P.	03/19/03	30,982	Bookkeeper
Municipal Operations & Consulting, Inc.	09/08/10	293,412	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	12/10/03	6,045	Delinquent Tax Attorney
Robert W. Baird & Co. Incorporated	02/11/15	96,251	Financial Advisor
Schwartz, Page & Harding, L.L.P.	03/19/03	260,666 92,500	General Counsel Bond Counsel
Wheeler & Associates, Inc.	06/11/03	26,778	Tax Assessor/ Collector

Investment Officers			
Mark M. Burton and Ghia Lewis	01/13/10	N/A	Bookkeepers

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)