OFFICIAL STATEMENT DATED APRIL 29, 2021

In the opinion of The Muller Law Group PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (herein defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

(A political subdivision of the State of Texas, located within Montgomery County)

$4,575,000
Unlimited Tax Refunding Bonds
Series 2021

$10,240,000
Unlimited Tax Road Improvement and Refunding Bonds
Series 2021

Interest accrues from: June 1, 2021

Due: September 1, as shown on the inside cover

Interest on the $4,575,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 System Refunding Bonds") and the $10,240,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Road Improvement and Refunding Bonds, Series 2021 (the "Series 2021 Road Improvement and Refunding Bonds," and collectively the "Bonds") will accrue from June 1, 2021, and is payable on September 1, 2021, and on each March 1 and September 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar (herein defined) to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of Montgomery County Municipal Utility District No. 113 (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 "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover.

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

The Series 2021 System Refunding Bonds constitute the third series of unlimited tax refunding bonds issued by the District for the System (herein defined) and the Series 2021 Road Improvement and Refunding Bonds constitute the eighth series of unlimited tax bonds and the third series of unlimited tax refunding bonds issued by the District for the Road System (herein defined). Voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary and drainage, and storm sewer system to serve the District (the "System") and for refunding purposes; $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for refunding purposes; and $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Following the issuance of the Bonds, $84,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes; $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and refunding purposes; and $4,320,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes will remain authorized and unissued. The Bonds, when issued will constitute valid and binding obligations of the District, payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by SAMCO Capital Markets, Inc. (the "Underwriter"), subject to the approval of the Attorney General of Texas and of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Underwriter's Counsel. Delivery of the Bonds is expected on or about June 8, 2021.

SAMCO CAPITAL

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

$4,575,000 Unlimited Tax Refunding Bonds, Series 2021

$4,575,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)
2022	$ 220,000	3.000%	0.200%	WF3	2030 (c)	$ 300,000	3.000%	1.430%	WP1
2023	230,000	3.000%	0.270%	WG1	2031 (c)	305,000	2.000%	1.690%	WQ9
2024	240,000	3.000%	0.450%	WH9	2032 (c)	315,000	2.000%	1.810%	WR7
2025	245,000	4.000%	0.720%	WJ5	2033 (c)	315,000	2.000%	1.840%	WS5
2026	255,000	4.000%	0.920%	WK2	2034 (c)	320,000	2.000%	1.930%	WT3
2027	265,000	4.000%	1.050%	WL0	2035 (c)	325,000	2.000%	2.000%	WU0
2028	280,000	4.000%	1.200%	WM8	2036 (c)	335,000	2.000%	2.100%	WV8
2029 (c)	290,000	3.000%	1.330%	WN6	2037 (c)	335,000	2.000%	2.150%	WW6

$10,240,000 Unlimited Tax Road Improvement and Refunding Bonds, Series 2021

$7,700,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61371A (b)
2022	$ 180,000	3.000%	0.200%	WX4	2030 (c)	$ 515,000	3.000%	1.430%	XF2
2023	385,000	3.000%	0.270%	WY2	2031 (c)	530,000	2.000%	1.690%	XG0
2024	400,000	3.000%	0.450%	WZ9	2032 (c)	540,000	2.000%	1.810%	XH8
2025	415,000	4.000%	0.720%	XA3	2033 (c)	550,000	2.000%	1.840%	XJ4
2026	435,000	4.000%	0.920%	XB1	2034 (c)	565,000	2.000%	1.930%	XK1
2027	455,000	4.000%	1.050%	XC9	2035 (c)	575,000	2.000%	2.000%	XL9
2028	475,000	4.000%	1.200%	XD7	2036 (c)	585,000	2.000%	2.100%	XM7
2029 (c)	495,000	3.000%	1.330%	XE5	2037 (c)	600,000	2.000%	2.150%	XN5

$2,540,000 Term Bonds

$525,000 Term Bonds Due September 1, 2039 (c)(d), Interest Rate: 2.000% (Price: $96.568) (a), CUSIP No. 61371A XQ8 (b)

$2,015,000 Term Bonds Due September 1, 2046 (c)(d), Interest Rate: 2.250% (Price: $97.729) (a), CUSIP No. 61371A XX3 (b)

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

(b) CUSIP numbers have been assigned to this issue by the CUSIP Global Services, managed by S&P Global Market Intelligence LLC on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. None of the District, the Financial Advisor (herein defined) or the Underwriter shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

(c) Bonds maturing on September 1, 2029, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2028, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(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. See "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 or the Underwriter.

This Official Statement does not alone 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, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel upon payment of duplication costs, for further information.

The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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

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 "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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 final official statement for any purpose.

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. (the "Underwriter") has agreed to purchase the Series 2021 System Refunding Bonds from the District for $4,820,342.84 (being the par amount of the Series 2021 System Refunding Bonds, plus a net original issue premium on the Series 2021 System Refunding Bonds of $285,354.30 and less an underwriter's discount on the Series 2021 System Refunding Bonds of $40,011.46), plus accrued interest on the Series 2021 System Refunding Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Series 2021 System Refunding Bonds, if any are purchased.

The Underwriter has agreed to purchase the Series 2021 Road Improvement and Refunding Bonds from the District for $10,577,924.01 (being the par amount of the Series 2021 Road Improvement and Refunding Bonds, plus a net original issue premium on the Series 2021 Road Improvement and Refunding Bonds of $414,765.05 and less an underwriter's discount on the Series 2021 Road Improvement and Refunding Bonds of $76,841.04), plus accrued interest on the Series 2021 Road Improvement and Refunding Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Series 2021 Road Improvement and Refunding Bonds, if any are purchased.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, dealer or similar person or organization acting in the capacity of underwriter or wholesaler. Except as provided by the Bond Purchase Agreements, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions 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.

The District 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 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.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") 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 jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue separate Municipal Bond Insurance Policies for the Bonds (collectively, the "Policies" and each a "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."

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 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 October 29, 2020, 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 July 16, 2020, 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, 2020.

Capitalization of AGM

At December 31, 2020:

- The policyholders' surplus of AGM was approximately $2,864 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $940 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 $2,112 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 subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("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 AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

All 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 "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 "MUNICIPAL BOND INSURANCE."

RATINGS

The Bonds have received an insured rating of "AA/Stable" 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 have received an insured rating of "A2/Stable" 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 rating of "A2" to the Bonds. An explanation of the ratings 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 ratings will continue for any given period of time or that the ratings 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 ratings 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 insured rating of S&P, the insured rating of Moody's, or the underlying rating of Moody's.

[Remainder of Page Intentionally Left Blank]

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

Description	The $4,575,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 System Refunding Bonds") and the $10,240,000 Montgomery County Municipal Utility District No. 113 Unlimited Tax Road Improvement and Refunding Bonds, Series 2021 (the "Series 2021 Road Improvement and Refunding Bonds," and collectively the "Bonds") are dated June 1, 2021, and mature on September 1 in the years and amounts set forth on the inside cover. Interest accrues from June 1, 2021, at the rates per annum set forth on the inside cover and is payable September 1, 2021, and each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 of principal amount for any one maturity. See "THE BONDS – General."
Redemption Provisions	The Bonds maturing on and after September 1, 2029, are subject to redemption, in whole or from time to time in part, at the option of Montgomery County Municipal Utility District No. 113 (the "District") on September 1, 2028, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Series 2021 Road Improvement and Refunding Bonds maturing on September 1 in the years 2039 and 2046 are term bonds and are also subject to the mandatory redemption provisions set forth herein. See "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Source of Payment	Principal and interest on the Bonds are payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas ("Texas"); Montgomery County, Texas (the "County"); the City of Conroe, Texas (the "City"); or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Authority for Issuance	The Series 2021 System Refunding Bonds constitute the third series of unlimited tax refunding bonds issued by the District for the System (herein defined) and the Series 2021 Road Improvement and Refunding Bonds constitute the eighth series of unlimited tax bonds and the third series of unlimited tax refunding bonds issued by the District for the Road System (herein defined). Voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary and drainage, and storm sewer system to serve the District (the "System") and for refunding purposes; $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for

refunding purposes; and $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Following the issuance of the Bonds, $84,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes; $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and refunding purposes; and $4,320,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes will remain authorized and unissued. The Bonds, when issued will constitute valid and binding obligations of the District, payable from the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are issued pursuant to Chapters 1207 and 1371 of the Texas Government Code; Chapter 8212 of the Texas Special District Local Laws Code; Chapters 49 and 54 of the Texas Water Code; Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution; a resolution authorizing the issuance of the Series 2021 System Refunding Bonds and an approval certificate executed on the date of the sale of the Series 2021 System Refunding Bonds establishing the final terms thereof (collectively, the "Series 2021 System Refunding Bond Resolution"); a resolution authorizing the issuance of the Series 2021 Road Improvement and Refunding Bonds and an approval certificate executed on the date of the sale of the Series 2021 Road Improvement and Refunding Bonds establishing the final terms thereof (collectively, the "Series 2021 Road Improvement and Refunding Bond Resolution," and together the "Bond Resolutions"); and an election held in the District on May 10, 2008. See "THE BONDS – Authority for Issuance" and "THE BODNS – Issuance of Additional Debt."

Use of Proceeds .... The proceeds of the Series 2021 System Refunding Bonds will be applied to (i) pay certain costs incurred in connection with the issuance of the Series 2021 System Refunding Bonds and (ii) refund $4,640,000 principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Refunded System Bonds"). The refunding of the Refunded System Bonds is expected to result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

The proceeds of the Series 2021 Road Improvement and Refunding Bonds will be applied to (i) pay certain costs incurred in connection with the issuance of the Series 2021 Road Improvement and Refunding Bonds; (ii) reimburse the Developer (herein defined) for expenses incurred for the acquisition or construction of the Road System; and (iii) refund $4,375,000 principal amount of the District's Unlimited Tax Road Improvement Bonds, Series 2013 (the "Refunded Road Bonds"). The refunding of the Refunded Road Bonds is expected to result in an annual and net present value savings in the District's current annual debt service requirements. The Refunded System Bonds and the Refunded Road Bonds are collectively referred to as the "Refunded Bonds." See "PLAN OF FINANCING."

Outstanding Bonds .... The District has previously issued 10 series of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes. Exclusive of the Refunded System Bonds, $69,770,000 principal amount of such previously issued bonds will remain outstanding following the issuance of the Bonds (the "Outstanding System Bonds").

The District has previously issued nine series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes. Exclusive of the Refunded Road Bonds, $28,940,000 principal amount of such previously issued bonds will remain outstanding following the issuance of the Bonds (the "Outstanding Road Bonds").

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Of such previously issued bonds, $11,840,000 will remain outstanding following the issuance of the Bonds (the "Outstanding Park Bonds").

The Outstanding System Bonds, the Outstanding Road Bonds and the Outstanding Park Bonds are collectively referred to as the "Outstanding Bonds." See "THE BONDS – Outstanding Bonds."

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

Ratings.. S&P Global Ratings (AGM Insured): "AA/Stable." Moody's Investors Service, Inc. (AGM Insured): "A2/Stable." Moody's Investors Service, Inc. (Underlying): "A2." See "RATINGS."

Not Qualified Tax-Exempt Obligations .... The District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS –Not Qualified Tax-Exempt Obligations."

General & Bond Counsel.................................. The Muller Law Group, PLLC, Sugar Land, Texas.

Underwriter's Counsel...................................... Orrick, Herrington & Sutcliffe LLP, Houston Texas.

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

Engineer .... LJA Engineering, Inc., Houston, Texas.

Verification Agent .... Robert Thomas CPA, LLC, Minneapolis, Minnesota.

Paying Agent/Registrar and
Escrow Agent.. Regions Bank, an Alabama banking corporation, Houston, Texas.

THE DISTRICT

The Issuer .... The District was created under Section 59, Article XVI, and Section 52, Article III, Texas Constitution by Senate Bill 1963 of the Texas Legislature, 80th Regular Session, effective June 16, 2007, as codified in Chapter 8212 of the Texas Special District Local Laws Code. The District is part of an approximately 3,150-acre master-planned community known as "Woodforest." The District contains approximately 2,159.88 acres. See "THE DISTRICT – General."

Location .... The District is located in the central region of the County, approximately 38 miles northwest of the downtown of the City of Houston, Texas, and is located entirely within the extraterritorial jurisdiction of the City. The District lies approximately 6.5 miles west of Interstate Highway 45 and approximately 4 miles north of FM 1488. The District is generally bordered on the north by existing Ridge Lake Shores Development, on the east by Fish Creek, on the south by Lake Creek and on the west by Mound Creek. See "LOCATION MAP."

Developer and Principal Landowner..........	Woodforest Development, Inc. ("WDI" or the "Developer"), a Texas corporation, is the principal developer in the District. Its president is Larry D. Johnson of Johnson Development Corp. Woodforest Partners, L.P. ("WPLP"), a Texas limited partnership whose general partner is Woodforest GP L.L.C. and whose limited partner is Riverway 2006 Partners, L.P., is an affiliated entity of WDI. Together, these two entities currently own approximately 975 acres in Woodforest.
Development Within the District	Land within the District has been developed as the single-family subdivision of Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 69, 70, 71, 72, 73, 93, 94, 99, 100 and 103; Elk Trace Golf Estates, Section 1; Pine Island at Woodforest, Sections 1 and 2; and Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 (aggregating approximately 1,469.57 acres and 3,787 single-family lots). As of April 1, 2021, the District consisted of 3,320 complete and occupied homes, 27 complete and unoccupied homes, 8 model homes, 84 homes under construction and 348 vacant developed lots. Conroe Independent School District has constructed an elementary school on approximately 15.40 acres. A fire station has been constructed on 1.18 acres. In addition, the District contains approximately 387.68 undeveloped but developable acres and approximately 286.05 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."
Homebuilders Within the District................	Homebuilders active within the District include Gracepoint Homes, Chesmar Homes, Taylor Morrison Homes, Huntington Homes, Perry Homes, Empire Homes, Westin Homes, Wendell Legacy Homes, Lennar Homes, Highland Homes, Darling Homes, David Weekley Homes, Jeff Paul Custom Homes and Tipler Design & Build Homes. The homes being marketed in the District range in price from approximately $180,000 to over $1,000,000.
Woodforest..	All residential development within Woodforest has occurred within the District and Montgomery County Municipal Utility District No. 121. Within Woodforest, the Developer has facilitated the construction of 10 parks and open playgrounds; an approximately 14-mile trail system; 5 fountains; 4 lakes; a baseball field; 3 soccer fields; a dog park; a multi-sport sportsplex center; a driving range; 27-hole golf course, including a renovated clubhouse; and a nature park. The Developer has also constructed Forest Island, a 20-acre recreational facility that includes a 6,500 square foot resort-style pool; a 10,000 square foot pool deck; a 5-lane lap pool; 2 water slides; a basketball court; a 5,000 square foot splash pad; 6 tennis courts; restroom facilities; a playground area; and a food vending area. There is also a member-only 10,000 square foot clubhouse for the Bonterra at Woodforest Active-Adult Community. In addition, Conroe Independent School District has constructed an elementary school within Woodforest. Fire protection service within Woodforest is provided by Montgomery County Emergency Services District No. 3, which has constructed a fire station within Woodforest. The Church at Woodforest, hosted financially by The Woodlands United Methodist Church, has

occupied its Phase I (19,000 square foot) worship center. Other Retail/Commercial development includes 92,947 square feet of mixed-use development, with an additional 181,250 square feet of mixed-use retail in construction. See "WOODFOREST."

INFECTIOUS DISEASE OUTBREAK – COVID-19

Infectious Disease Outbreak – 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 the Pandemic. 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 the Pandemic 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 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. The Governor has issued a number of executive orders relating to the Pandemic preparedness and mitigation. 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 caused volatility in 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 volatility 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 and volatility, if continued, 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 the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District, and a reduction in property values may require an increase in such tax rates as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein may not be reflective of the full 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. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak – Covid-19."

INVESTMENT CONSIDERATIONS

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

[Remainder of Page Intentionally Left Blank]

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2020 Assessed Valuation (100% of the market value as of January 1, 2020)	$1,238,499,840	(a)
2021 Preliminary Assessed Valuation (100% of the preliminary market value as of January 1, 2021)	$1,390,013,699	(b)
Direct Debt:		
The Outstanding Bonds (as of the Delivery of the Bonds)	$ 110,550,000	
The Bonds	14,815,000	
Total	$ 125,365,000	
Estimated Overlapping Debt	$ 60,622,881	
Total Direct and Estimated Overlapping Debt	$ 185,987,881	
Direct Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	10.12 %	
As a Percentage of the 2021 Preliminary Assessed Valuation	9.02 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	15.02 %	
As a Percentage of the 2021 Preliminary Assessed Valuation	13.38 %	
System Debt Service Fund Balance (as of April 19, 2021)	$ 6,714,321	(c)
Road Debt Service Fund Balance (as of April 19, 2021)	$ 2,751,648	(d)
System Construction Fund Balance (as of April 19, 2021)	$ 187,736	
Road Construction Fund Balance (as of April 19, 2021)	$ 2,592,098	
Park Construction Fund Balance (as of April 19, 2021)	$ 280,480	
Operating Fund Balance (as of April 19, 2021)	$ 5,934,660	
2020 Tax Rate per $100 of Assessed Valuation:		
System Debt Service	$ 0.475	
Road Debt Service	0.195	
Maintenance & Operations	0.200	
Total	$ 0.870	(e)
Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2021-2045)	$ 4,713,354	(f)
Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2035)	$ 6,105,956	(f)
Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2021-2045) at 95% Tax Collections:		
Based Upon the 2020 Assessed Valuation	$ 0.41	
Based Upon the 2021 Preliminary Assessed Valuation	$ 0.36	
Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2035) at 95% Tax Collections:		
Based Upon the 2020 Assessed Valuation	$ 0.52	
Based Upon the 2021 Preliminary Assessed Valuation	$ 0.47	

Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2021-2046)	$ 2,023,753	(g)
Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2035)	$ 2,745,019	(g)
Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2021-2046) at 95% Tax Collections:		
Based Upon the 2020 Assessed Valuation	$ 0.18	
Based Upon the 2021 Preliminary Assessed Valuation	$ 0.16	
Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2035) at 95% Tax Collections:		
Based Upon the 2020 Assessed Valuation	$ 0.24	
Based Upon the 2021 Preliminary Assessed Valuation	$ 0.21	
Number of Single-Family Homes (including 84 homes in various stages of construction) as of April 1, 2021	3,439	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2020, provided by the Appraisal District (herein defined). See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary determination of the assessed valuation of all taxable property within the District as of January 1, 2021, provided by the Appraisal District. This valuation is subject to protest by the owners of taxable property in the District. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Neither Texas Law nor the Series 2021 System Refunding Bond Resolution requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds, not to the Outstanding Road Bonds or the Series 2021 Road Improvement and Refunding Bonds.

(d) Neither Texas Law nor the Series 2021 Road Improvement and Refunding Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds, not the Outstanding System Bonds, the Outstanding Park Bonds or the Series 2021 System Refunding Bonds.

(e) See "TAX DATA – Tax Rate Calculations."

(f) See "DISTRICT DEBT – System Debt Service Requirement Schedule."

(g) See "DISTRICT DEBT – Road Debt Service Requirement Schedule."

OFFICIAL STATEMENT

relating to

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113
(A political subdivision of the State of Texas, located within Montgomery County)

$4,575,000 **Unlimited Tax Refunding Bonds** **Series 2021**	**$10,240,000** **Unlimited Tax Road Improvement and Refunding Bonds** **Series 2021**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 113 (the "District") of its $4,575,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 System Refunding Bonds") and its $10,240,000 Unlimited Tax Road Improvement and Refunding Bonds, Series 2021 (the "Series 2021 Road Improvement and Refunding Bonds," and collectively the "Bonds"), and the sale of the Bonds to the underwriter listed on the cover, SAMCO Capital Markets, Inc. (the "Underwriter").

The Bonds are issued pursuant to Chapters 1207 and 1371 of the State of Texas ("Texas") Government Code; Chapter 8212 of the Texas Special District Local Laws Code; Chapters 49 and 54 of the Texas Water Code; Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution; a resolution authorizing the issuance of the Series 2021 System Refunding Bonds and an approval certificate executed on the date of the sale of the Series 2021 System Refunding Bonds establishing the final terms thereof (collectively, the "Series 2021 System Refunding Bond Resolution"); a resolution authorizing the issuance of the Series 2021 Road Improvement and Refunding Bonds and an approval certificate executed on the date of the sale of the Series 2021 Road Improvement and Refunding Bonds establishing the final terms thereof (collectively, the "Series 2021 Road Improvement and Refunding Bond Resolution," and together the "Bond Resolutions"); and an election held in the District on May 10, 2008.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolutions.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE ONLY SUMMARIES AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from Bond Counsel (herein defined) at 202 Century Square Boulevard, Sugar Land, Texas 77478 or during the offering period from the Financial Advisor (herein defined) at 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The Bonds will bear interest from June 1, 2021, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover. Interest on the Bonds will be paid on September 1, 2021, and on each March 1 and September 1 (each an "Interest Payment Date") thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 of principal amount or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar").

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner (the "Registered Owners") appearing on the registration and transfer books (the "Register") of the Paying Agent/Registrar at the close of business on the fifteenth calendar day of the month next preceding each interest payment date (the "Record Date") and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2029, 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, 2028, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

The Series 2021 Road Improvement and Refunding Bonds maturing on September 1 in the years 2039 and 2046 are term bonds (the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Series 2021 Road Improvement and Refunding Bonds are in book-entry-only form) prior to maturity, 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 schedules:

$525,000 Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 260,000
September 1, 2039 (Maturity)	265,000

[Remainder of Page Intentionally Left Blank]

$2,015,000 Term Bonds Maturing on September 1, 2046	
Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 270,000
September 1, 2041	275,000
September 1, 2042	280,000
September 1, 2043	285,000
September 1, 2044	295,000
September 1, 2045	300,000
September 1, 2046 (Maturity)	310,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Series 2021 Road Improvement and Refunding Bond Resolution. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds are transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolutions, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any unlimited tax bonds hereafter issued. The Bonds are obligations of the District and are not the obligations of the Texas; Montgomery County, Texas (the "County"); the City of Conroe, Texas (the "City"); or any other political subdivision or any entity other than the District.

Payment Record

The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."

Authority for Issuance

The Series 2021 System Refunding Bonds constitute the third series of unlimited tax refunding bonds issued by the District for the System (herein defined) and the Series 2021 Road Improvement and Refunding Bonds constitute the eighth series of unlimited tax bonds and the third series of unlimited tax refunding bonds issued by the District for the Road System (herein defined). Voters in the District have authorized a total of $170,220,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary and drainage, and storm sewer system to serve the District (the "System") and for refunding purposes; $47,400,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements to serve the District (the "Road System") and for refunding purposes; and $16,445,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes.

The Bonds are issued pursuant to Chapters 1207 and 1371 of the Texas Government Code; Chapter 8212 of the Texas Special District Local Laws Code; Chapters 49 and 54 of the Texas Water Code; Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution; the Bond Resolutions, and an election held in the District on May 10, 2008.

Outstanding Bonds

The District has previously issued 10 series of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes. Exclusive of the Refunded System Bonds, $69,770,000 principal amount of such previously issued bonds will remain outstanding following the issuance of the Bonds (the "Outstanding System Bonds").

The District has previously issued nine series of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes. Exclusive of the Refunded Road Bonds, $28,940,000 principal amount of such previously issued bonds will remain outstanding following the issuance of the Bonds (the "Outstanding Road Bonds").

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes. Of such previously issued bonds, $11,840,000 will remain outstanding following the issuance of the Bonds (the "Outstanding Park Bonds").

The Outstanding System Bonds, the Outstanding Road Bonds and the Outstanding Park Bonds are collectively referred to as the "Outstanding Bonds."

Issuance of Additional Debt

The District may issue additional bonds. Following the issuance of the Bonds, $84,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes; $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes; and $4,320,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes will remain authorized and unissued.

The District plans to issue a bond anticipation note in mid-2021 to fund projects to be included in future unlimited tax bonds to be issued for the purpose of acquiring or constructing the System, slated for issuance in the first half of 2022.

Following the issuance of the Bonds, the District will owe Woodforest Development, Inc. ("WDI" or the "Developer"), a Texas corporation, approximately $13,020,000 in reimbursable expenses for District projects, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans provided by the Developer, in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing financed facilities, and to finance the extension of the facilities to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolutions do 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. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

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.

Defeasance

The Bond Resolutions provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect 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 (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. 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 holder of ownership interest of each actual purchase of each Bond (the "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.

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).

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

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

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

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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]

PLAN OF FINANCING

Use of Proceeds

The proceeds of the Series 2021 System Refunding Bonds will be applied to (i) pay certain costs incurred in connection with the issuance of the Series 2021 System Refunding Bonds and (ii) refund $4,640,000 principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Refunded System Bonds"). The refunding of the Refunded System Bonds is expected to result in an annual and net present value savings in the District's current annual debt service requirements.

The proceeds of the Series 2021 Road Improvement and Refunding Bonds will be applied to (i) pay certain costs incurred in connection with the issuance of the Series 2021 Road Improvement and Refunding Bonds; (ii) reimburse the Developer for expenses incurred for the acquisition or construction of the Road System; and (iii) refund $4,375,000 principal amount of the District's Unlimited Tax Road Improvement Bonds, Series 2013 (the "Refunded Road Bonds"). The refunding of the Refunded Road Bonds is expected to result in an annual and net present value savings in the District's current annual debt service requirements. The Refunded System Bonds and the Refunded Road Bonds are collectively referred to as the "Refunded Bonds."

The following table is a summary of the Refunded Bonds:

The Refunded System Bonds		The Refunded Road Bonds	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
$ 200,000	09/01/2022	$ 200,000	09/01/2023
210,000	09/01/2023	210,000	09/01/2024
220,000	09/01/2024	220,000	09/01/2025
230,000	09/01/2025	230,000	09/01/2026
240,000	09/01/2026	245,000 (c)	09/01/2027
250,000	09/01/2027	255,000 (c)	09/01/2028
265,000	09/01/2028	270,000 (d)	09/01/2029
275,000	09/01/2029	285,000 (d)	09/01/2030
290,000	09/01/2030	300,000 (e)	09/01/2031
305,000	09/01/2031	315,000 (e)	09/01/2032
320,000 (a)	09/01/2032	330,000 (e)	09/01/2033
335,000 (a)	09/01/2033	350,000 (e)	09/01/2034
350,000 (b)	09/01/2034	370,000 (f)	09/01/2035
365,000 (b)	09/01/2035	385,000 (f)	09/01/2036
385,000 (b)	09/01/2036	410,000 (f)	09/01/2037
400,000 (b)	09/01/2037	$ 4,375,000	
$ 4,640,000			

Redemption Date: 09/01/2021

Total Principal Amount of the Refunded System Bonds: $4,640,000

Total Principal Amount of the Refunded Road Bonds: $4,375,000

Total Principal Amount of the Refunded Bonds: $9,015,000

(a) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2033.

(b) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2037.

(c) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2028.

(d) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2030.

(e) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2034.

(f) Represents mandatory sinking fund payments for a term bond with a maturity date of September 1, 2037.

Remaining Outstanding Bonds

The following table represents the District's previously issued bonds for the purpose of acquiring or constructing the System (and for refunding purposes) and parks and recreational facilities to serve the District (and for refunding purposes) that will remain outstanding following the issuance of the Series 2021 System Refunding Bonds:

	Original Principal Amount	Remaining Outstanding Principal Amount	Less: Refunded System Bonds	Remaining Outstanding Bonds
Unlimited Tax Bonds, Series 2012	$ 1,765,000	$ 55,000	$ –	$ 55,000
Unlimited Tax Bonds, Series 2013	5,935,000	4,830,000	(4,640,000)	190,000
Unlimited Tax Bonds, Series 2014	17,200,000	14,490,000	–	14,490,000
Unlimited Tax Bonds, Series 2015	24,910,000	21,280,000	–	21,280,000
Unlimited Tax Refunding Bonds, Series 2016	2,705,000	2,525,000	–	2,525,000
Unlimited Tax Bonds, Series 2017	11,930,000	10,620,000	–	10,620,000
Unlimited Tax Park Bonds, Series 2018	5,700,000	5,415,000	–	5,415,000
Unlimited Tax Bonds, Series 2019	10,480,000	9,875,000	–	9,875,000
Unlimited Tax Refunding Bonds, Series 2019	2,165,000	2,140,000	–	2,140,000
Unlimited Tax Bonds, Series 2019A	8,915,000	8,595,000	–	8,595,000
Unlimited Tax Park Bonds, Series 2020	6,425,000	6,425,000	–	6,425,000
	$ 98,130,000	$ 86,250,000	$ (4,640,000)	$ 81,610,000

The following table represents the District's previously issued bonds for purpose of acquiring or constructing the Road System (and for refunding purposes) that will remain outstanding following the issuance of the Series 2021 Road Improvement and Refunding Bonds:

	Original Principal Amount	Remaining Outstanding Principal Amount	Less: Refunded System Bonds	Remaining Outstanding Bonds
Unlimited Tax Road Improv. Bonds, Series 2012	$ 3,700,000	$ 120,000	$ –	$ 120,000
Unlimited Tax Road Improv. Bonds, Series 2013	5,650,000	4,745,000	(4,375,000)	370,000
Unlimited Tax Road Improv. Bonds, Series 2014	4,100,000	3,385,000	–	3,385,000
Unlimited Tax Road Improv. Bonds, Series 2015	5,745,000	4,875,000	–	4,875,000
Unlimited Tax Road Improv. Ref. Bonds, Series 2016	2,645,000	2,470,000	–	2,470,000
Unlimited Tax Road Improv. Bonds, Series 2017	8,100,000	7,495,000	–	7,495,000
Unlimited Tax Road Improv. Bonds, Series 2019	6,780,000	6,565,000	–	6,565,000
Unlimited Tax Road Improv. Ref. Bonds, Series 2019	3,690,000	3,660,000	–	6,660,000
	$ 40,410,000	$ 33,315,000	$ (4,375,000)	$ 28,940,000

[Remainder of Page Intentionally Left Blank]

Sources and Uses of Funds

The proceeds from the sale of the Series 2021 System Refunding Bonds will be applied as follows:

SOURCES OF FUNDS:	
Principal Amount	$ 4,575,000.00
Net Original Issue Premium	285,354.30
System Debt Service Fund Transfer	57,000.00
Accrued Interest	2,434.44
Total Sources of Funds	$ 4,919,788.74
USES OF FUNDS:	
Deposit for Payment of Refunded System Bonds to Escrow Fund	$ 4,749,005.00
Deposit of Accrued Interest to System Debt Service Fund	2,434.44
Issuance Expenses, Insurance Premium and Underwriter's Discount	167,170.58
Deposit of Additional Proceeds to Operating Fund	1,178.72
Total Uses of Funds	$ 4,919,788.74

The proceeds from the sale of the Series 2021 Road Improvement and Refunding Bonds will be applied as follows:

SOURCES OF FUNDS:	
Principal Amount	$ 10,240,000.00
Net Original Issue Premium	414,765.05
Road Debt Service Fund Transfer	51,000.00
Accrued Interest	5,156.42
Total Sources of Funds	$ 10,710,921.47
USES OF FUNDS:	
Deposit to Road Construction Fund	$ 5,520,000.00
Developer Interest	179,400.00
Deposit for Payment of Refunded Road Bonds to Escrow Fund	4,476,812.50
Deposit of Accrued Interest to Road Debt Service Fund	5,156.42
Insurance Premium and Underwriter's Discount	98,027.98
Costs of Issuance:	
1. Legal Fee	191,700.00
2. Financial Advisor Fee	161,700.00
3. Engineering Report Fee	12,000.00
4. Attorney General Fee	9,500.00
5. Other Costs of Issuance	53,072.12
Deposit of Additional Proceeds to Operating Fund	3,552.45
Total Uses of Funds	$ 10,710,921.47

Escrow Agent

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 Regions Bank, an Alabama banking corporation, Houston, Texas, as escrow agent (the "Escrow Agent").

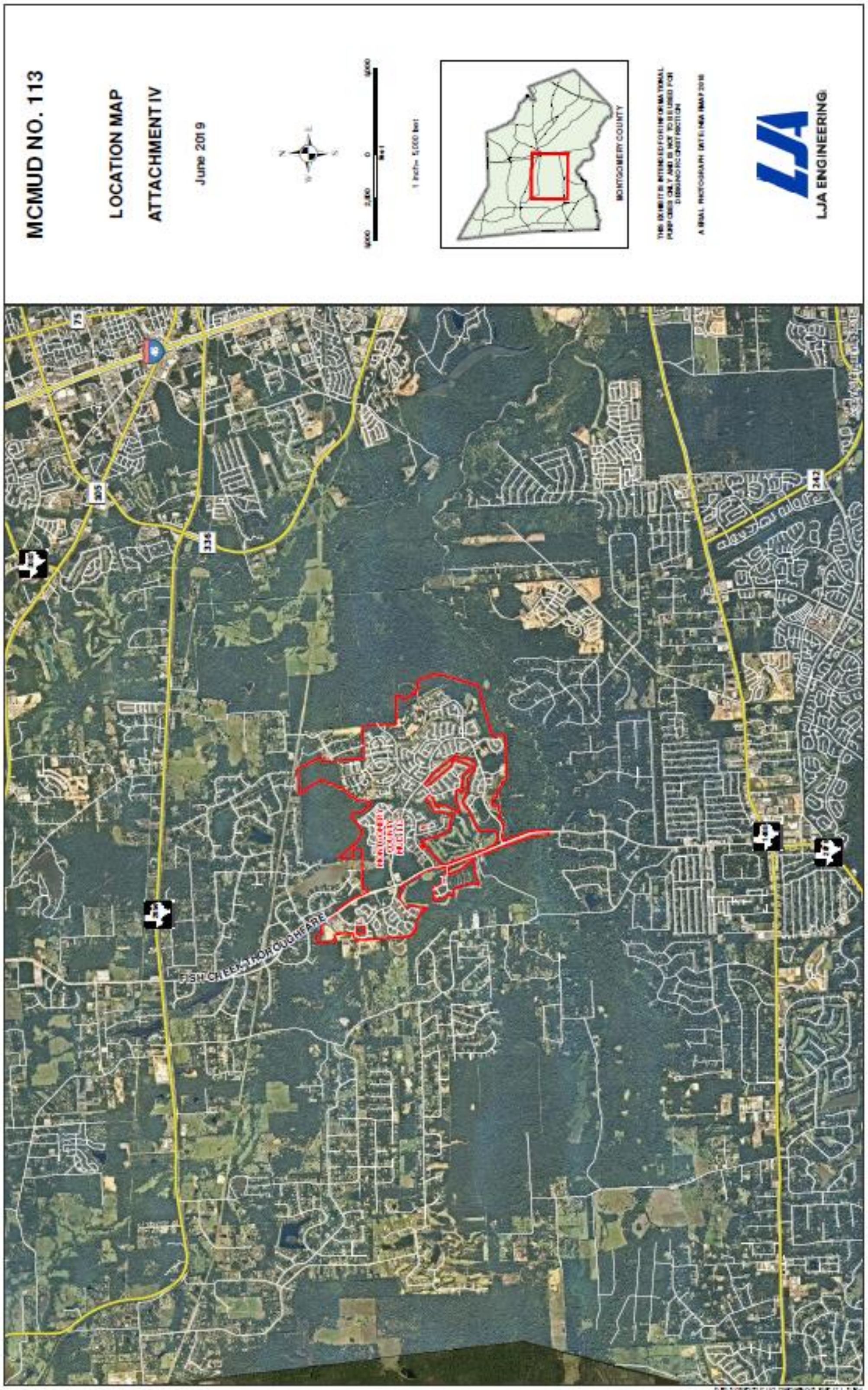
The Bond Resolutions provide that the District and the Escrow Agent will enter into escrow agreements (collectively, the "Escrow Agreement") to be dated as of the date of the pricing of the Bonds but effective on the date of delivery of the Bonds (expected to be June 8, 2021). The Bond Resolutions further provide 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"). 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 Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of the cash 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 orders or resolutions 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.

[Remainder of Page Intentionally Left Blank]

LOCATION MAP



THE DISTRICT

General

The District is a political subdivision of Texas, operating as a municipal utility district pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and Chapter 8212 of the Texas Special District Local Laws Code. The District is vested with all the rights, privileges, authority and functions conferred by the laws of Texas applicable to municipal utility districts, including without limitation to those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District is also empowered to finance certain road improvements, as long as they meet the County or City criteria for a thoroughfare, arterial, or collector road. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities.

The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. However, fire protection service in the District is provided by Montgomery County Emergency Services District No. 3 ("ESD No. 3"), which has constructed a fire station in the District. ESD No. 3 levies an ad valorem tax separate and apart from the District. See "TAX DATA – Estimated Overlapping Taxes." The District is subject to the continuing supervision of the TCEQ.

Location

The District is located in the central region of the County, approximately 38 miles northwest of the downtown of the City of Houston, Texas ("Houston"), and is located entirely within the extraterritorial jurisdiction of the City. The District lies approximately 6.5 miles west of Interstate Highway 45 and approximately 4 miles north of FM 1488. The District is generally bordered on the north by existing Ridge Lake Shores Development, on the east by Fish Creek, on the south by Lake Creek and on the west by Mound Creek. See "LOCATION MAP."

Management of the District

- Board of Directors -

The District is governed by the Board of Directors (the "Board"), consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered four year terms, with elections held within the District on the second Saturday in May in each even numbered year. One director owns property in the District and the other four directors are residents of the District.

Name	Title	Precinct	Term Expires May
David Garrett	President	4	2024
Robert Green	Vice President	1	2022
Chris Uzelmeier	Secretary	3	2024
Ryan Wade	Assistant Vice President	5	2022
Cato McDaniel	Assistant Secretary	2	2022

[Remainder of Page Intentionally Left Blank]

- *Consultants* -

Tax Assessor/Collector – Land and improvements in the District are being appraised by the Montgomery Central Appraisal District (the "Appraisal District"). The tax assessor/collector for the District is Assessments of the Southwest, Inc.

Bookkeeper – The District contracts with Myrtle Cruz, Inc. as Bookkeeper for the District.

Engineer – The District's consulting engineer is LJA Engineering, Inc. (the "Engineer")

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ending May 31, 2020, is included as "APPENDIX A."

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 the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Bond and General Counsel – The District has engaged The Muller Law Group, PLLC as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees of Bond Counsel are based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Muller Law Group, PLLC also serves as the District's general counsel.

Special Consultants Related to Issuance of the Bonds

Verification Agent – At the time of delivery of the Bonds, Robert Thomas CPA, LLC (the "Verification Agent"), will verify to the District, Bond Counsel, the 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."

THE DEVELOPER AND PRINCIPAL LANDOWNER

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 subdivision, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to 30% of the cost of constructing certain 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 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 the 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 the major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer and Principal Landowner

The District is part of an approximately 3,150 acre master-planned community known as "Woodforest." The Developer is a principal taxpayer in the District. Its president is Larry D. Johnson of Johnson Development Corp. Woodforest Partners, L.P. ("WPLP"), a Texas limited partnership whose general partner is Woodforest GP L.L.C. and whose limited partner is Riverway 2006 Partners, L.P., is an affiliated entity of WDI. Together, these two entities currently own approximately 975 acres in Woodforest.

Development Financing

In April 2007, the Developer and WPLP obtained a revolving credit development loan for the Woodforest project from Woodforest National Bank. The loan, which was modified in September 30, 2020, may have a maximum principal balance of $14,000,000, bears interest at 1.00% over the Wall Street Journal Prime Rate and matures on September 30, 2023. The loan is secured by a first lien deed of trust on approximately 2,800 acres within the Woodforest project, owned by the Developer and WPLP. The outstanding balance on the loan as of April 1, 2021, was approximately $4,922. According to the Developer, the borrowers are in compliance with all material conditions of the loan.

In August 2006, the Developer and WPLP obtained a $41,340,400 mezzanine loan from Residential Funding Corporation ("RFC") to finance the acquisition of the property within the Woodforest project. This loan was sold by RFC to FC Houston Note, LLC and modified simultaneously with the modification of the Woodforest National Bank development loan to extend the term of the loan until the earlier of the sale of all property within the Woodforest project or December 31, 2026. This loan is fully funded and no additional borrowings are permitted. According to the Developer, the borrowers are in compliance with all material conditions of this loan. In August 2012, FC Houston Note, LLC sold the loan to JP Woodforest, LP.

In addition to the loans described above, simultaneously with the modification of the Woodforest National Bank development loan and the modification of the mezzanine loan now owned by JP Woodforest, LP, the Developer and WPLP obtained a $9,800,000 loan from Woodforest Second Lien Holder, LP ("Woodforest Second Lien Holder"), the proceeds of which were used primarily to pay down the principal balance of the Woodforest National Bank loan. This loan is secured by a deed of trust lien on the property within the Woodforest project subordinate to the liens which secure the Woodforest National Bank loan, bears interest at the rate of 10% per annum and has a maturity date of the earlier of the sale of all property within the Woodforest project or December 31, 2026. This loan is fully funded and no additional borrowings are permitted. The principal balance of the loan was paid off in January 2015, but there are continuing participations to be paid based upon further cash flows. According to the Developer, the borrowers are in compliance with all material conditions of this loan. The partners of Woodforest Second Lien Holder are entities affiliated with Larry D. Johnson and PAR Real Estate Holdings, LLC, a Houston area investor group and an affiliate of Woodforest National Bank.

Lot Sales Contracts

The Developer has entered into current lot sales contracts with the following homebuilders: Gracepoint Homes, Huntington Homes, Taylor Morrison Homes, Highland Homes, Ltd., Lennar Homes, Perry Homes, Chesmar Homes, Darling Homes, David Weekley Homes, Empire Homes, Westin Homes and Wendell Legacy Homes. The homebuilders have contracted to purchase 3,823 lots since the inception of the District. As of April 1, 2021, the homebuilders have purchased 3,735 of such lots. According to the Developer, all of the homebuilders are in compliance with their respective lot sales contracts. The Developer has also entered into lot sales contracts with the following custom homebuilders in Pine Island at Woodforest Sections 1 and 2: Jeff Paul Custom Homes and Tipler Design & Build. The Developer has a program of selling lots to individuals, under which the individual must begin construction of a home within two years. As of April 1, 2021, the custom homebuilders and various individuals have purchased 17 lots. As of April 1, 2021, there were no custom homes under construction in the District. According to the Developer, all of the custom homebuilders are in compliance with their respective lot sales contracts.

On December 21, 2012, WDI entered into a lot sale contract to sell 703 lots to Taylor Morrison Homes of Texas, Inc. ("Taylor Morrison") to be developed as Bonterra at Woodforest, an active adult community. To date, Taylor Morrison has purchased all of such lots. Taylor Morrison is a publicly traded company on the New York Stock Exchange and a national homebuilder, which is actively building homes in six states. For more information, visit www.taylormorrison.com. Development of Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 is complete. Taylor Morrison has constructed 9 model homes and a members-only, 10,000 square foot clubhouse that is currently open for the Bonterra at Woodforest Active-Adult Community.

DEVELOPMENT WITHIN THE DISTRICT

Land within the District has been developed as the single-family subdivision of Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 69, 70, 71, 72, 73, 93, 94, 99, 100 and 103; Elk Trace Golf Estates, Section 1; Pine Island at Woodforest, Sections 1 and 2; and Bonterra at Woodforest, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 (aggregating approximately 1,469.57 acres and 3,787 single-family lots). As of April 1, 2021, the District consisted of 3,320 complete and occupied homes, 27 complete and unoccupied homes, 8 model homes, 84 homes under construction and 348 vacant developed lots. Conroe Independent School District has constructed an elementary school on approximately

15.40 acres. A fire station has been constructed on 1.18 acres. In addition, the District contains approximately 387.68 undeveloped but developable acres and approximately 286.05 undevelopable acres.

WOODFOREST

All residential development within Woodforest has occurred within the District and Montgomery County Municipal Utility District No. 121. Within Woodforest, the Developer has facilitated the construction of 10 parks and open playgrounds; an approximately 14-mile trail system; 5 fountains; 4 lakes; a baseball field; 3 soccer fields; a dog park; a multi-sport sportsplex center; a driving range; 27-hole golf course, including a renovated clubhouse; and a nature park. The Developer has also constructed Forest Island, a 20-acre recreational facility that includes a 6,500 square foot resort-style pool; a 10,000 square foot pool deck; a 5-lane lap pool; 2 water slides; a basketball court; a 5,000 square foot splash pad; 6 tennis courts; restroom facilities; a playground area; and a food vending area. There is also a member-only 10,000 square foot clubhouse for the Bonterra at Woodforest Active-Adult Community. In addition, Conroe Independent School District has constructed an elementary school within Woodforest. Fire protection service within Woodforest is provided by Montgomery County Emergency Services District No. 3, which has constructed a fire station within Woodforest. The Church at Woodforest, hosted financially by The Woodlands United Methodist Church, has occupied its Phase I (19,000 square foot) worship center. Other Retail/Commercial development includes 92,947 square feet of mixed-use development, with an additional 181,250 square feet of mixed-use retail in construction.

[Remainder of Page Intentionally Left Blank]

DISTRICT DEBT

System Debt Service Requirement Schedule

The following schedule sets forth the current debt service requirements on the District's outstanding debt issued for the purpose of acquiring or constructing the System (and for refunding purposes) and parks and recreational improvements to serve the District, less the Refunded System Bonds, plus the principal and interest requirements on the Series 2021 System Refunding Bonds. Totals may not sum due to rounding. Outstanding debt service as of April 1, 2021.

Calendar Year	Outstanding Debt Service	Less: The Refunded System Bonds	Plus: The Series 2021 System Refunding Bonds Principal	Interest	Debt Service	Total Debt Service
2021	$ 4,215,229	$ 109,005	$ –	$ 31,300	$ 31,300	$ 4,137,524
2022	5,643,279	418,010	220,000	125,200	345,200	5,570,469
2023	5,692,229	420,510	230,000	118,600	348,600	5,620,319
2024	5,747,879	422,110	240,000	111,700	351,700	5,677,469
2025	5,787,004	423,310	245,000	104,500	349,500	5,713,194
2026	5,836,526	423,420	255,000	94,700	349,700	5,762,806
2027	5,892,486	422,980	265,000	84,500	349,500	5,819,006
2028	5,924,486	426,730	280,000	73,900	353,900	5,851,656
2029	5,960,009	424,540	290,000	62,700	352,700	5,888,169
2030	6,010,296	426,615	300,000	54,000	354,000	5,937,681
2031	6,057,695	427,695	305,000	45,000	350,000	5,980,000
2032	6,085,725	427,750	315,000	38,900	353,900	6,011,875
2033	6,109,563	426,750	315,000	32,600	347,600	6,030,413
2034	6,154,025	425,000	320,000	26,300	346,300	6,075,325
2035	6,183,556	422,500	325,000	19,900	344,900	6,105,956
2036	5,934,181	424,250	335,000	13,400	348,400	5,858,331
2037	5,838,188	420,000	335,000	6,700	341,700	5,759,888
2038	5,440,913	–	–	–	–	5,440,913
2039	4,260,100	–	–	–	–	4,260,100
2040	2,653,600	–	–	–	–	2,653,600
2041	2,659,250	–	–	–	–	2,659,250
2042	1,896,963	–	–	–	–	1,896,963
2043	1,899,700	–	–	–	–	1,899,700
2044	865,375	–	–	–	–	865,375
2045	357,875	–	–	–	–	357,875
Total	$ 119,106,131	$ 6,891,175	$ 4,575,000	$ 1,043,900	$ 5,618,900	$ 117,833,856

Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Bonds (2021-2045)........ $ 4,713,354

Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Bonds (2035)........ $ 6,105,956

[Remainder of Page Intentionally Left Blank]

Road Debt Service Requirement Schedule

The following schedule sets forth the current debt service requirements on the District's outstanding debt issued for the purpose of acquiring or constructing the Road System (and for refunding purposes), less the Refunded Road Bonds, plus the principal and interest requirements on the Series 2021 Road Improvement and Refunding Bonds. Totals may not sum due to rounding. Outstanding debt service as of April 1, 2021.

			Plus: The Series 2021 Road Improvement and Refunding Bonds			
Calendar Year	Outstanding Debt Service	Less: The Refunded System Bonds	Principal	Interest	Debt Service	Total Debt Service
2021	$ 1,746,086	$ 101,813	$ –	$ 66,297	$ 66,297	$ 1,710,571
2022	2,318,413	203,625	180,000	265,188	445,188	2,559,975
2023	2,328,288	403,625	385,000	259,788	644,788	2,569,450
2024	2,351,094	405,625	400,000	248,238	648,238	2,593,706
2025	2,366,844	407,225	415,000	236,238	651,238	2,610,856
2026	2,372,694	408,425	435,000	219,638	654,638	2,618,906
2027	2,390,094	414,225	455,000	202,238	657,238	2,633,106
2028	2,415,069	413,813	475,000	184,038	659,038	2,660,294
2029	2,432,375	417,975	495,000	165,038	660,038	2,674,438
2030	2,440,413	420,825	515,000	150,188	665,188	2,684,775
2031	2,463,738	423,000	530,000	134,738	664,738	2,705,475
2032	2,472,088	423,000	540,000	124,138	664,138	2,713,225
2033	2,472,194	422,250	550,000	113,338	663,338	2,713,281
2034	2,499,256	425,750	565,000	102,338	667,338	2,740,844
2035	2,507,231	428,250	575,000	91,038	666,038	2,745,019
2036	2,241,144	424,750	585,000	79,538	664,538	2,480,931
2037	1,985,500	430,500	600,000	67,838	667,838	2,222,838
2038	1,563,613	–	260,000	55,838	315,838	1,879,450
2039	1,304,000	–	265,000	50,638	315,638	1,619,638
2040	937,563	–	270,000	45,338	315,338	1,252,900
2041	949,275	–	275,000	39,263	314,263	1,263,538
2042	954,638	–	280,000	33,075	313,075	1,267,713
2043	438,813	–	285,000	26,775	311,775	750,588
2044	–	–	295,000	20,363	315,363	315,363
2045	–	–	300,000	13,725	313,725	313,725
2046	–	–	310,000	6,975	316,975	316,975
Total	$ 45,950,418	$ 6,574,675	$ 10,240,000	$ 3,001,834	$ 13,241,834	$ 52,617,577

Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2021-2046) .... $ 2,023,753

Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2035) .... $ 2,745,019

[Remainder of Page Intentionally Left Blank]

DISTRICT FINANCIAL DATA

Assessed Value

2020 Assessed Valuation (100% of the market value as of January 1, 2020)	$1,238,499,840	(a)
2021 Preliminary Assessed Valuation (100% of the preliminary market value as of January 1, 2021)	$1,390,013,699	(b)
Direct Debt:		
The Outstanding Bonds (as of the Delivery of the Bonds)	$ 110,550,000	
The Bonds	14,815,000	
Total	$ 125,365,000	
Estimated Overlapping Debt	$ 60,622,881	
Total Direct and Estimated Overlapping Debt	$ 185,987,881	
Direct Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	10.12 %	
As a Percentage of the 2021 Preliminary Assessed Valuation	9.02 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	15.02 %	
As a Percentage of the 2021 Preliminary Assessed Valuation	13.38 %	
System Debt Service Fund Balance (as of April 19, 2021)	$ 6,714,321	(c)
Road Debt Service Fund Balance (as of April 19, 2021)	$ 2,751,648	(d)
System Construction Fund Balance (as of April 19, 2021)	$ 187,736	
Road Construction Fund Balance (as of April 19, 2021)	$ 2,592,098	
Park Construction Fund Balance (as of April 19, 2021)	$ 280,480	
Operating Fund Balance (as of April 19, 2021)	$ 5,934,660	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2020, provided by the Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary determination of the assessed valuation of all taxable property within the District as of January 1, 2021, provided by the Appraisal District. This valuation is subject to protest by the owners of taxable property in the District. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Neither Texas Law nor the Series 2021 System Refunding Bond Resolution requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). The funds in the System Debt Service Fund are pledged only to pay the debt service on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds, not to the Outstanding Road Bonds or the Series 2021 Road Improvement and Refunding Bonds.

(d) Neither Texas Law nor the Series 2021 Road Improvement and Refunding Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds, not the Outstanding System Bonds, the Outstanding Park Bonds or the Series 2021 System Refunding Bonds.

Unlimited Tax Bonds Authorized but Unissued

Election Date	Purpose	Authorized	Issued to Date	Unissued
05/10/2008	WS&D and Refunding	$ 170,220,000	$ 85,420,000 (a)	$ 84,800,000
05/10/2008	Roads and Refunding	47,400,000	44,140,000 (a)	3,260,000
05/10/2008	Parks and Refunding	16,445,000	12,125,000	4,320,000

(a) Includes the Bonds and excludes the Refunded Bonds.

Investment Authority and Investment Practices of the District

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

Estimated Direct and Overlapping Debt Statement

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

	Outstanding Debt as of	Estimated Overlapping	
Taxing Jurisdiction	March 31, 2021	Percent	Amount
Montgomery County	$ 486,675,000	2.00%	$ 9,730,353
Montgomery Independent School District	319,790,000	8.29%	26,498,239
Conroe Independent School District	1,351,160,000	1.59%	21,549,299
Lone Star College System	518,505,000	0.55%	2,844,990
Total Estimated Overlapping Debt			$ 60,622,881
The District			$ 125,365,000 (a)
Total Direct & Estimated Overlapping Debt			$ 185,987,881 (a)

(a) Includes the Bonds and excludes the Refunded Bonds.

Debt Ratios

	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2020 Assessed Valuation ($1,238,499,840)	10.12%	15.02%
2021 Preliminary Assessed Valuation ($1,390,013,699)	9.02%	13.38%

(a) Includes the Bonds and excludes the Refunded Bonds.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (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 October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolutions 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, in an amount not to exceed $1.25 per $100 of assessed valuation for operation and maintenance purposes and $0.25 for road facilities maintenance. The District levied the following tax rates for the 2020 tax year: $0.475 per $100 of assessed valuation for System debt service; $0.195 per $100 of assessed valuation for Road System debt service; and $0.200 per $100 of assessed valuation for operation and maintenances.

Tax Rate Limitation

System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
System Maintenance and Operations:	$1.25 per $100 of assessed valuation.
Road System Maintenance and Operations:	$0.25 per $100 of assessed valuation.

Debt Service Tax

The Board covenants in the Series 2021 System Refunding Bond Resolution to levy and assess, for each year that all of or any part of the Outstanding System Bonds, the Outstanding Park Bonds or the Series 2021 System Refunding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds.

In the Series 2021 System Refunding Bond Resolution, the Board covenants to deposit to the debt service fund established to pay debt service on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (the "System Debt Service Fund") the proceeds from all taxes levied, appraised and collected for payment of the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds authorized by the Series 2021 System Refunding Bond Resolution.

The Board covenants in the Series 2021 Road Improvement and Refunding Bond Resolution to levy and assess, for each year that all of or any part of the Outstanding Road Bonds or the Series 2021 Road Improvement and Refunding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds.

In the Series 2021 Road Improvement and Refunding Bond Resolution, the Board covenants to deposit to the debt service fund established to pay debt service on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (the "Road Debt Service Fund") the proceeds from all taxes levied, appraised and collected for payment of the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds authorized by the Series 2021 Road Improvement and Refunding Bond Resolution.

Funds in the System Debt Service Fund are not available to pay principal or interest on the Outstanding Road Bonds or the Series 2021 Road Improvement and Refunding Bonds, and funds in the Road Debt Service Fund are not available to pay principal or interest on the Outstanding System Bonds, the Outstanding Park Bonds or the Series 2021 System Refunding Bonds.

Accrued interest on the Series 2021 System Refunding Bonds will be deposited into the System Debt Service Fund upon the delivery of the Series 2021 System Refunding Bonds.

Accrued interest on the Series 2021 Road Improvement and Refunding Bonds will be deposited into the Road Debt Service Fund. The remaining proceeds of the Series 2021 Road Improvement and Refunding Bonds, following the deposit to the Escrow Fund, will be deposited into the road construction fund (the "Road Construction Fund"), to be used for the purpose of reimbursing the Developer for expenses incurred for the acquisition or construction of the Road System. Any monies remaining in the Road Construction Fund after completion of such projects will be used as permitted by the Series 2021 Road Improvement and Refunding Bond Resolution and TCEQ rules, or ultimately transferred to the Road Debt Service Fund.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On May 10, 2008, the Board was authorized to levy such maintenance and operations tax in an amount not to exceed $1.25 per $100 of assessed valuation and a road facilities maintenance tax not to exceed $0.25 per $100 of assessed valuation. For the 2020 tax year, the District levied a maintenance and operations tax rate of $0.200 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds.

Tax Exemption

For the 2021 tax year, the District has adopted an exemption from ad valorem taxation of $10,000 of the approved value of residence homestead of individuals who are disabled or are 65 years of age or older. To date, the District has not adopted a general residential homestead exemption. See "TAXING PROCEDURES."

Additional Penalties

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

Historical Collections

The following table illustrates the collection history of the District for the 2016-2020 tax years:

Tax Year	Assessed Valuation	Tax Rate Per $100	Adjusted Tax Levy	Collections Current Year	Tax Year Ending 09/30	% Collections as of 03/31/2021
2016	$ 772,204,258	$ 0.920	$ 7,104,279	99.70%	2017	100.00%
2017	877,311,311	0.900	7,895,802	99.71%	2018	99.98%
2018	974,090,441	0.890	8,669,405	99.51%	2019	99.97%
2019	1,110,681,662	0.880	9,773,999	99.63%	2020	99.86%
2020	1,238,499,840	0.870	10,775,472	97.60% (a)	2021	97.60% (a)

(a) In process of collections.

Tax Rate Distribution

	2020	2019	2018	2017	2016
System Debt Service	$0.475	$0.485	$0.440	$0.470	$0.550
Road Debt Service	0.195	0.210	0.200	0.240	0.205
Maintenance and Operations	0.200	0.185	0.250	0.190	0.165
	$0.870	$0.880	$0.890	$0.900	$0.920

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value for the 2016-2020 tax years by type of property:

Type of Property	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation
Land	$ 288,776,300	$ 240,937,810	$ 206,085,490	$ 182,776,310	$ 163,575,680
Improvements	1,011,925,100	926,517,170	812,786,530	735,698,070	644,736,810
Personal Property	9,607,361	16,745,293	14,170,253	13,090,766	10,771,376
Exemptions	(71,808,921)	(73,518,611)	(58,951,832)	(54,253,835)	(46,879,608)
Total	$1,238,499,840	$1,110,681,662	$ 974,090,441	$ 877,311,311	$ 772,204,258

[Remainder of Page Intentionally Left Blank]

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2020:

Taxpayer	Type of Property	Assessed Valuation 2020 Tax Roll
Taylor Morrison of Texas Inc.	Land and Improvements	$ 7,213,700
Woodforest Partners LP (a)	Land and Improvements	5,860,240
Woodforest Development Inc. (a)	Land and Improvements	5,515,260
Pine Market R1 LLC	Land and Improvements	4,948,400
Darling Homes of Texas LLC	Land and Improvements	4,578,680
Blocker Interests Ltd.	Land and Improvements	3,600,000
Panjwani Energy Properties LLC	Land and Improvements	3,375,608
LKE 3029 LLC	Land and Improvements	2,037,000
Nume 2 LLC	Land and Improvements	1,836,450
Flagship Ventures LLC	Land and Improvements	1,734,910
Total		$ 40,700,248
% of Respective Tax Roll		3.29%

(a) See "THE DEVELOPER AND PRINCIPAL LANDOWNER."

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 if no growth in the District occurs beyond the 2020 assessed valuation of $1,238,499,840 or the 2021 preliminary assessed valuation of $1,390,013,699. The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2021-2045)	$ 4,713,354
Tax Rate of $0.41 on the 2020 Assessed Valuation Produces	$ 4,823,957
Tax Rate of $0.36 on the 2021 Preliminary Assessed Valuation Produces	$ 4,753,847
Maximum Annual Debt Service Requirement on the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds (2035)	$ 6,105,956
Tax Rate of $0.52 on the 2020 Assessed Valuation Produces	$ 6,118,189
Tax Rate of $0.47 on the 2021 Preliminary Assessed Valuation Produces	$ 6,206,411
Average Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2021-2046)	$ 2,023,753
Tax Rate of $0.18 on the 2020 Assessed Valuation Produces	$ 2,117,835
Tax Rate of $0.16 on the 2021 Preliminary Assessed Valuation Produces	$ 2,112,821
Maximum Annual Debt Service Requirement on the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds (2035)	$ 2,745,019
Tax Rate of $0.24 on the 2020 Assessed Valuation Produces	$ 2,823,780
Tax Rate of $0.21 on the 2021 Preliminary Assessed Valuation Produces	$ 2,773,077

[Remainder of Page Intentionally Left Blank]

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT FINANCIAL DATA - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2020 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 charges made by entities other than political subdivisions.

	2020 Tax Rate Per $100 of A.V.	
Taxing Jurisdiction	**Conroe ISD**	**Montgomery ISD**
The District	$0.870000	$0.870000
The County	0.431200	0.431200
Montgomery County Hospital District	0.058800	0.058800
Montgomery ISD	---	1.279800
Conroe ISD	1.212500	---
Lone Star College District	0.107800	---
Montgomery County ESD No. 3	0.100000	0.100000
Total Tax Rate	$2.780300	$2.739800

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolutions to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District's water and wastewater system and road system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values are subject to review and change by the Montgomery Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

For the 2021 tax year, the District granted a $10,000 exemption for residents who are disabled or 65 and older.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to 20% of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by April 30. The District does not grant a residential homestead exemption at this time.

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property.

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

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

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – 15% (minimal damage), Level II – 30% (nonstructural damage), Level III – 60% (significant structural damage), or Level IV – 100% (total loss).

Property owners are entitled to the exemption if the Governor of Texas (the "Governor") declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration.

The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active-duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Rollback of Operation and Maintenance Tax Rate

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

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, 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 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates from the previous three tax years, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates from the previous three tax years. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or President of the United States (the "President"), 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.

Other Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District can be classified as Other Districts. The qualified voters of these districts, upon the Other 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, 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 Other Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

For the 2020 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. However, the District is required to enter into a payment plan agreement upon the request of a taxpayer on residential homestead. Such agreement must be in writing, provide for monthly payments of the taxes due over a period of time from 12-36 months. A taxpayer may only request a payment plan if they have not previously entered into such an agreement in the preceding 24 months. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six months for commercial property and two years for residential and other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

THE SYSTEM

General

The wastewater treatment and conveyance system, the purchase, acquisition and construction of which has been financed by the District with the proceeds of the Bonds, has been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to the Engineer, the design of the wastewater treatment and conveyance system has been approved by all governmental agencies, which have jurisdiction over the District.

Historical Operations of the System

		Fiscal Year Ended May 31			
	2021 (a)	2020	2019	2018	2017
REVENUES:					
Sewer Service	$ 1,582,685	$ 1,089,794	$ 1,011,428	$ 1,028,389	$ 1,264,400
Garbage Service (b)	(c)	669,175	591,014	395,736	–
Property Taxes	2,434,834	2,052,029	2,409,553	1,665,884	1,269,464
Penalties and Interest	4,852	13,648	16,552	16,364	6,581
Tap Connection & Inspection Fees	35,096	48,155	71,635	62,980	78,110
Miscellaneous	30,162	42,747	34,790	26,886	16,286
Investment Earnings	–	54,404	42,899	18,421	12,242
TOTAL REVENUES	$ 4,087,629	$ 3,969,952	$ 4,177,871	$ 3,214,660	$ 2,647,083
EXPENDITURES:					
Current Service Operations					
Purchased Services	$ 621,477	$ 641,600	$ 143,430	$ –	$ –
Professional Fees	178,659	226,554	341,915	369,039	384,264
Contracted Services	1,028,687	1,081,762	1,139,884	976,310	769,135
Repairs and Maintenance	802,515	676,585	831,709	916,009	875,607
Utilities	89,348	155,619	213,430	197,517	144,696
Leases	–	–	–	228,000	93,000
Administrative	101,603	114,985	112,918	110,283	71,130
Other	17,573	8,846	44,158	42,408	12,166
Capital Outlay	162,563	–	–	53,500	–
TOTAL EXPENDITURES	$ 3,002,425	$ 2,905,951	$ 2,827,444	$ 2,893,066	$ 2,349,998
Excess (Deficiency) of Revenues Over Expenditures	$ 1,085,204	$ 1,064,001	$ 1,350,427	$ 321,594	$ 297,085

(a) Unaudited; for the period ended March 31, 2021.

(b) Beginning in 2018, garbage service revenues were no longer included with sewer service revenues.

(c) Garbage service revenues are included in sewer service revenues.

Description of the System

- Water Supply and Distribution -

All of the District's water is provided by MSEC Enterprises, Inc. ("MSEC") which holds the Certificate of Convenience and Necessity ("CCN") for the area of the District. MSEC receives approximately 1.3 million gallons per day ("MGD") of surface water from the San Jacinto River Authority ("SJRA"). In addition to the surface water, MSEC owns and operates four water plants with a total of eight wells that serve the District, with a total capacity of 4.82 MGD, bringing the total capacity of the system to 6.12 MGD. The District has purchased sufficient water capacity to serve 3,787 equivalent single-family connections ("ESFCs") from MSEC.

- Wastewater Treatment and Conveyance System -

The District recently completed construction of a 945,000 gallon per day permanent wastewater treatment plant. According to the design engineer, Brown & Gay Engineers, the plant has a current capacity of 0.945 MGD and can serve approximately 5,588 ESFCs, based on rated capacity (170 gpd/ESFC).

- Drainage -

Stormwater runoff from the District discharges into two watersheds, Fish Creek Tributary and Mound Creek Tributary both drain to Lake Creek which ultimately drains to the West Fork of the San Jacinto River.

- Roads -

The roads within the District vary in width in accordance with standards adopted by the City and the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

- Parks -

The District finances, operates, maintains and constructs park facilities to serve the District.

Lone Star Groundwater Conservation District

On October 10, 2017 the Lone Star Groundwater Conservation District ("Lone Star") board of directors approved new recommendations for future increases in groundwater pumping in Montgomery County based upon the results of a three-year scientific study. Lone Star commissioned its "Strategic Water Resources Planning Study" in October 2014 to evaluate the impacts to local aquifers of its 2016 groundwater pumping reductions, to evaluate whether and how additional groundwater supplies could be safely developed in the county, and to develop other related information and recommendations for use in the next five-year cycle of joint planning for establishing goals for future aquifer conditions in a multi-county region of the Gulf Coast known as Groundwater Management Area 14 ("GMA 14"). As part of the study, Lone Star surveyed all of the large water well permit holders in the county to determine how much additional declines in the water levels of the aquifers that they could tolerate in their water wells. The new recommended planning goal for the aquifers in Montgomery County would allow groundwater pumping to increase from the current goal of 64,000 acre-feet per year to 100,000 acre-feet per year. The study found that increased pumping would result in greater declines in water levels in the aquifers over the 50-year planning period than under the current goal, but that the survey results supported the board making such a policy decision because of the limited number of well owners who may have to lower their wells to accommodate the water-level declines.

The board of directors' decision was unanimous to approve the increased groundwater pumping levels and resulting aquifer conditions included in what is referred to as groundwater availability model "Run D" in the Final Report for Task 3 of the study as the board's recommended model scenario. The board of directors also approved a recommendation that Lone Star's general manager and technical consultants present the results of the study, including the board's new recommendation for Run D, to the other groundwater conservation district representatives of GMA 14, with a request that Run D be considered in the new round of joint planning for the aquifers as either an amendment to the current desired future conditions for the aquifers or as a new proposal. By law, GMA 14 must adopt desired future conditions for the aquifers at least once every five years, with the current five-year cycle ending no later than January 5, 2022. However, GMA 14 can adopt new or amended desired future conditions for the aquifers earlier than those deadlines. In order to be finally approved, any new proposal or amendment must go through a lengthy technical evaluation and public hearings process prescribed by law and must receive an affirmative vote of at least four out of the five member groundwater conservation districts in GMA 14.

In 2015, dissatisfied with the production limits Lone Star created through the rulemaking authority delegated to it by the Texas Legislature, a group of large water producers filed suit claiming that the rules Lone Star created imposing per-producer yearly production limits on their production of groundwater were invalid because they purported to regulate the production of groundwater in ways the Texas Legislature never authorized. On October 2, 2018, the 284th District Court of Montgomery County, ruled that, as a matter of law, the core groundwater regulation, which Lone Star imposed on large groundwater producers, is outside of Lone Star's authority under the Texas Water Code and is not valid. Under the ruling, Lone Star could appeal directly to the Beaumont Court of Appeals for review of the decision. However, at the Lone Star board meeting held on January 23, 2019, the board announced that they unanimously agreed on a settlement offer with the large water producers, but the specifics of the settlement will not be made public until all parties have reviewed and signed it. Lone Star adopted new groundwater regulations on September 8, 2020, that repeal, supersede and replace all previously adopted rules and regulatory plans of the District.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of Texas; the County; the City; or any political subdivision, will be secured by the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. (See "THE BONDS – Source of Payment.") The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligations to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See INVESTMENT CONSIDERATIONS – "Bankruptcy Limitation to Registered Owners' Rights."

Economic Factors: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston metropolitan area. New single-family housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. 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 "DEVELOPMENT WITHIN THE DISTRICT."

Location and Access: The District is located in an outlying area of the Houston metropolitan area, approximately 38 miles northwest from the central business district of Houston. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developer in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to Houston that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

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

Developer Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer and its affiliate, WPLP (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer and WPLP will be or what effect, if any, such conditions may have on their collective and respective ability to pay taxes. See "THE DEVELOPER AND PRINCIPAL LANDOWNER" and "DEVELOPMENT WITHIN THE DISTRICT.

Impact on District Tax Rates: 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 2020 assessed valuation of property located within the District is $1,238,499,840 and the 2021 preliminary assessed valuation is $1,390,013,699 (see "TAX DATA"). After issuance of the Bonds, the maximum annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds will be $6,105,956 (2035) and the average annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds will be $4,713,354 (2021 through 2045). Based on the 2020 assessed valuation and no use of funds on hand, a tax rate of $0.52 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds and a tax rate of $0.41 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds. Based on the 2021 preliminary assessed valuation and no use of funds on hand, a tax rate of $0.47 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds and a tax rate of $0.36 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding System Bonds, the Outstanding Park Bonds and the Series 2021 System Refunding Bonds.

After the issuance of the Bonds, the maximum annual debt service requirement for Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds will be $2,745,019 (2035) and the average annual debt service requirement for the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds will be $2,023,753 (2021 through 2046). Based on the 2020 assessed valuation and no use of funds on hand, a tax rate of $0.24 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement for the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds and a tax rate of $0.18 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds. Based on the 2021 preliminary assessed valuation and no use of funds on hand, a tax rate of $0.21 per $100 of assessed valuation, at a 95% collection rate, would be necessary to pay the maximum annual debt service requirement for the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds and a tax rate of $0.16 per $100 of assessed valuation, at a 95% tax collection rate, would be necessary to pay the average annual debt service requirement for the Outstanding Road Bonds and the Series 2021 Road Improvement and Refunding Bonds.

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the

District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce the interest 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.

Bankruptcy Limitation to Registered Owners' Rights

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

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district. A district cannot be placed into bankruptcy involuntarily.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area") – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 ("the 1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard). While Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

The HGB area is currently designated as a severe ozone nonattainment area under the the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ has developed a formal request that the HGB area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB area redesignation request under the 1997 Ozone Standards on September 5, 2018.

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

The HGB area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard. On November 14, 2018, the EPA published a proposed rule relating to the attainment date for 11 areas classified as "moderate" for the 2008 ozone NAAQS, including the HGB area (the "Proposed Rule"). In its proposed rule, the EPA identified HGB as one of seven areas that failed to attain the standards by the attainment date. The effect of failing to attain by the attainment date is such that the area will be reclassified by operation of law to "Serious" upon the effective date of the final reclassification notice. Consequently, the responsible state agency, must submit SIP revisions required to satisfy the statutory and regulatory requirements for Serious areas for the 2008 ozone NAAQS.

In response to the Proposed Rule, the TCEQ submitted comments on December 11, 2018 and requested a hearing to provide testimony to the EPA regarding disagreement with the EPA's proposed deadlines for various SIP requirements including the proposed SIP submittal deadline for attainment demonstration and reasonable further progress SIP revisions and the proposed implementation deadline for reasonably available control technology ("RACT"). In the TCEQ's comments, the TCEQ recommended alternative SIP submittal and RACT implementation deadlines to account for the significant time, effort, and resources required for SIP development and to allow affected entities time to comply with the new rule requirements.

The EPA received multiple requests for a public hearing in response to the Proposed Rule and subsequently held a public hearing on February 15, 2019. In addition, the time allowed for public comment was reopened from February 8, 2019 until February 22, 2019.

The HGB area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties. The attainment deadline is August 3, 2021 for the 2015 Ozone Standard.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

In 2015, the EPA and the United States Army Corps of Engineers ("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 expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

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 NWPR is effective June 22, 2020, and is currently the subject of ongoing litigation.

Due to possible litigation challenging the new rule, there still remains significant 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 permitting requirements.

Hurricane Harvey

The Texas Gulf Coast, including the 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 District's engineer and operator, the District's system sustained no material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the Developer, approximately 33 homes within the District out of a total of 2,613 homes in the District at the time of the storm experienced flooding from the overflow of Lake Creek immediately south of the District. According to the District's engineer, water levels in Lake Creek exceeded the 100-year flood event by 4.5 feet.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Texas Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Texas 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 approximately 95 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed valuation of the District or an increase in the District's tax rates.

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

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. The Bonds are secured by the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District, and a reduction in property values may require an increase in such tax rates as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Infectious Disease Outbreak – 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 the Pandemic. On March 13, 2020, the President declared the Pandemic a national emergency and the Governor declared the Pandemic 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 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 Texas business or any order or rule of a Texas agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. In addition to the actions by Texas and federal officials, certain local officials have declared a local state of disaster and have issued "shelter-in-place" orders. Many of the federal, Texas and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which negatively affects the operation of businesses and the Texas and national economies. On March 2, 2021, the Governor issued Executive Order GA-34 rescinding most of the Governor's earlier executive orders related to the Pandemic. Effective March 10, 2021, all businesses of any type may open to 100% capacity subject to mitigation strategies imposed by counties in Texas in the event of increased hospitalizations. Additionally, the order ends the statewide mask mandate. Businesses may still limit capacity or implement additional safety protocols at their own discretion. Additional restrictions and measures at Texas and local level may be required if active cases or increased hospitalizations occur.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and caused volatility in financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within the State. Stock values and crude oil prices, in the U.S. and globally, have seen significant volatility attributed to COVID-19 concerns. The State 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 and volatility, if continued, 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 the proceeds of two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District, and a reduction in property values may require an increase in such tax rates as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein may not be reflective of the full 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.

Marketability

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

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 provider of the Policy (the "Bond Insurer") at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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 or Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the 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" for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Continuing Compliance with Certain Covenants

Failure of the District to comply with such covenants contained in the Bond Resolutions 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 issue. See "TAX MATTERS."

Future Debt

Following the issuance of the Bonds, $84,800,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the System and for refunding purposes; $3,260,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for refunding purposes; and $4,320,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District and for refunding purposes will remain authorized and unissued (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District plans to issue a bond anticipation note in mid-2021 to fund projects to be included in future unlimited tax bonds to be issued for the purpose of acquiring or constructing the System, slated for issuance in the first half of 2022.

Following the issuance of the Bonds, the District will owe the Developer approximately $13,020,000 in reimbursable expenses for District projects, the funds for which were advanced by the Developer. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Annexation by and Strategic Partnership Agreement with the City

The District lies within the extraterritorial jurisdiction of the City and may be annexed by the City under certain circumstances. Under general law, with certain exceptions, annexation of land by the City is subject to three procedures that allow for annexation: (i) on request of a landowner; (ii) for areas with a population of less than 200, by petition of voters and, if voter petitioners do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area; or (iii) for areas with a population of 200 or more, by election of voters and, if voters do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area. However, the foregoing provisions do not apply to areas that are subject to a Strategic Partnership Agreement under Section 43.0751, Texas Local Government Code.

The District and the City entered into a Strategic Partnership Agreement (the "Agreement") to establish the conditions of annexation. Under the Agreement, the City has the right to annex the District for "limited purposes," specifically for the levy of the City's sales and use tax within the District's boundaries. The limited purpose annexation shall be converted to a full purpose annexation upon the earlier of the following dates: (i) the date on which all of the debt of the District that is payable from ad valorem taxes is fully paid and the District has fully reimbursed any developers within the District in accordance with any written reimbursement agreement or (ii) December 31, 2037. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City. If debt of the District remains outstanding on the full purpose annexation date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the District shall become a "limited district." The "limited district" shall continue to be known as Montgomery County Municipal Utility District No. 113 and shall continue for a term not to exceed 10 years or until all outstanding debt (including reimbursement obligations) of the limited district has been fully paid. The City may extend the existence of the limited district for successive 10 year terms for so long as any debt of the limited district remains. The powers of the "limited district" are restricted to the levy and collection of ad valorem taxes sufficient to meet the outstanding debt service requirements. The "limited district" ceases to exist 60 days after all debt is paid at which time title to all assets and improvements formerly owned by the District vests in the City.

Annexation of property by the City is a policy-making matter within the discretion of the governing body of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more districts, although no consolidation is presently contemplated by the District.

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 does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

Changes in Tax Legislation

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

2021 Legislation

The Texas Legislature is currently in session for its 87th Regular Session (the "Regular Session"), which is scheduled to end May 31, 2021. In addition, the Governor may call one or more additional special sessions following the Regular Session. During this time, the Texas Legislature may enact laws that materially change taxing procedures or statutory authority related thereto. The District can make no representation regarding the actions the Texas Legislature may take.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect and to the effect that (i) interest on the Bonds is excludable from gross income for federal tax purposes under existing law, and (ii) interest on the Bonds will not be subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS (except for information under the subheading "Registered Owners' Remedies," "THE DISTRICT – General," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

The District will furnish the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Not Qualified Tax-Exempt Obligations

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

VERIFICATION OF MATHMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the District relating to (a) computation of the adequacy of the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yields on the Bonds and was verified by the Verification Agent. The computations were independently verified by Verification Agent based upon certain assumptions and information supplied by the Underwriter on behalf of the District, and the District. Verification Agent 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.

CONTINUING DISCLOSURE

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

Annual Reports

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT FINANCIAL DATA" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards 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 a six month period. 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 May 31. Accordingly, it must provide updated information by November 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Material 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 10 business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. Neither the Bonds nor the Bond Resolution 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 EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

On December 1, 2017, S&P published a report indicating that its financial strength rating on National Public Finance Guarantee Corp. ("NPFG") was affirmed as an "A" rating. However, in the same report S&P subsequently withdrew its rating at the issuer's request. A material event notice for the District's bonds affected by the ratings withdrawal for NPFG was filed by the District on September 14, 2018. Such filing date was not made within 10 business days of the event because the District was not timely notified of the occurrence of the event. All required information has been filed.

The District is not aware of any other material failure to comply, in the last five years, with any other continuing disclosure agreements made by them in accordance with the Rule. A review of the District's disclosure undertakings and filings history, beginning in 2010, is available at www.emma.msrb.org.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions:

> "THE DISTRICT" and "THE SYSTEM," – LJA Engineering, Inc.; "THE DEVELOPER AND PRINCIPAL LANDOWNER," and "DEVELOPMENT WITHIN THE DISTRICT" – Woodforest Development, Inc.; "TAX DATA – Estimated Overlapping Debt Statement" – Municipal Advisory Council of Texas; "TAX DATA" – Assessments of the Southwest, Inc." and "INVESTMENT CONSIDERATIONS – Annexation by and Strategic Partnership Agreement with City of Conroe," "THE BONDS", "CONTINUING DISCLOSURE", "TAXING PROCEDURES", "LEGAL MATTERS" and "TAX MATTERS" – The Muller Law Group, PLLC.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor:

> *The Engineer:* The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitles "THE DISTRICT," and "THE SYSTEM," has been provided by LJA Engineering, Inc., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.
>
> *Tax Assessor/Collector and Appraisal District:* The information in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Assessments of the Southwest, Inc. and Montgomery Central Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Updating of Official Statement

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

Certification as to Official Statement

The District, acting by and through its Board 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 and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description 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. 113 as of the date shown on the first page hereof.

/s/ David Garrett
President, Board of Directors
Montgomery County Municipal Utility District No. 113

ATTEST:

/s/ Chris Uzelmeier
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 113

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 113

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2020

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors
Montgomery County Municipal Utility District No. 113
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. 113, as of and for the year ended May 31, 2020, 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 basic 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 basic financial statements are free of 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 principles 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 to provide a basis for our audit opinions.

Mark W. McGrath, CPA
mark@mcgrath-co.com

Colette M. Garcia, CPA
colette@mcgrath-co.com

Tayo Ilori, CPA, CFE
tayo@mcgrath-co.com

Crystal V. Horn, CPA
crystal@mcgrath-co.com

Opinion

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 Montgomery County Municipal Utility District No. 113, as of May 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity 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 information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
September 21, 2020

Management's Discussion and Analysis

(This page intentionally left blank)

Using this Annual Report

Within this section of the financial report of Montgomery County Municipal Utility District No. 113 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

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

Financial Analysis of the District as a Whole

The District's net position at May 31, 2020, was negative $31,854,461. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of May 31, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	$ 20,628,346	$ 21,534,305
Capital assets	77,309,494	70,256,970
Total assets	97,937,840	91,791,275
Total deferred outflows of resources	716,131	682,701
Current liabilities	9,525,658	4,776,364
Long-term liabilities	120,982,774	117,480,816
Total liabilities	130,508,432	122,257,180
Net position		
Net investment in capital assets	(16,475,980)	(15,729,589)
Restricted	8,341,484	7,654,723
Unrestricted	(23,719,965)	(21,708,338)
Total net position	$ (31,854,461)	$ (29,783,204)

The total net position of the District decreased during the current fiscal year by $2,071,257. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2020	2019
Revenues		
Sewer and garbage service	$ 1,758,969	$ 1,602,442
Property taxes, penalties and interest	9,861,471	8,745,886
Other	994,844	499,968
Total revenues	12,615,284	10,848,296
Expenses		
Current service operations	3,839,527	3,289,834
Debt interest and fees	3,909,713	3,450,426
Developer interest	238,047	920,984
Debt issuance costs	892,893	1,907,436
Depreciation	2,193,199	1,909,085
Total expenses	11,073,379	11,477,765
Change in net position before other item	1,541,905	(629,469)
Other item		
Transfers to other governments	(3,613,162)	(2,231,074)
Gain on write off of developer advances		19,492
Change in net position	(2,071,257)	(2,841,051)
Net position, beginning of year	(29,783,204)	(26,942,153)
Net position, end of year	$ (31,854,461)	$ (29,783,204)

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2020, were $19,565,757, which consists of $4,998,656 in the General Fund, $9,118,498 in the Debt Service Fund and $5,448,603 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 5,409,198	$ 4,035,481
Total liabilities	$ 360,597	$ 213,955
Total deferred inflows	49,945	44,931
Total fund balance	4,998,656	3,776,595
Total liabilities, deferred inflows and fund balance	$ 5,409,198	$ 4,035,481

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

	2020	2019
Total revenues	$ 3,969,952	$ 4,177,871
Total expenditures	(2,905,951)	(2,827,444)
Revenues over expenditures	1,064,001	1,350,427
Other changes in fund balance	158,060	(1,430)
Net change in fund balance	$ 1,222,061	$ 1,348,997

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and the provision of sewer and garbage services to customers within the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Sewer and garbage service revenues are dependent upon the number of connections in the District.

During the current year, the Capital Projects Fund transferred $158,060 to the General Fund for the reimbursement of wastewater treatment plant expenses and bond application fees.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 9,365,208	$ 8,591,507
Total liabilities	$ 27,863	$ 58,007
Total deferred inflows	218,847	141,425
Total fund balance	9,118,498	8,392,075
Total liabilities, deferred inflows and fund balance	$ 9,365,208	$ 8,591,507

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

	2020	2019
Total revenues	$ 7,801,729	$ 6,373,542
Total expenditures	(7,308,153)	(5,878,655)
Revenues over expenditures	493,576	494,887
Other changes in fund balance	232,847	
Net change in fund balance	$ 726,423	$ 494,887

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

During the current year, the District issued $2,165,000 in unlimited tax utility refunding bonds to refund $2,075,000 of its outstanding Series 2010 and Series 2012 bonds. This refunding will save the District $214,673 in future debt service requirements.

During the current year, the District issued $3,690,000 in unlimited tax road refunding bonds to refund $3,560,000 of its outstanding Series 2011 and Series 2012 road bonds. This refunding will save the District $352,267 in future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 5,737,894	$ 8,846,097
Total liabilities	$ 289,291	$ 274,405
Total fund balance	5,448,603	8,571,692
Total liabilities and fund balance	$ 5,737,894	$ 8,846,097

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

	2020	2019
Total revenues	$ 103,433	$ 88,203
Total expenditures	(15,899,462)	(16,359,838)
Revenues under expenditures	(15,796,029)	(16,271,635)
Other changes in fund balance	12,672,940	19,661,430
Net change in fund balance	$ (3,123,089)	$ 3,389,795

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2019A Unlimited Tax Bonds and Series 2019 Bond Anticipation Note in the current year and issuance of its Series 2019 Unlimited Tax Bonds and Series 2018 Bond Anticipation Note in the prior year.

Joint Wastewater Treatment Plant Fund

A special revenue fund was established to account for the operations of the joint regional wastewater treatment plan pursuant to the District's agreement with Montgomery County Municipal Utility District No. 121 (Note 13). A comparative summary of the Joint Wastewater Treatment Plant Fund's financial position as of May 31, 2020 and 2019 is as follows:

	2020	2019
Total assets	$ 116,046	$ 61,220
Total liabilities	$ 116,046	$ 61,220

A comparative summary of activities for the Joint Wastewater Treatment Plant Fund's current and prior fiscal year is as follows

	2020	2019
Total revenues	$ 657,734	$ 146,879
Total expenditures	(657,734)	(146,879)
Revenues over/(under) expenditures	$ -	$ -

Revenues in the Joint Wastewater Treatment Plant Fund primarily consist of billings to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $988,336 greater than budgeted. The *Budgetary Comparison Schedule* on page 44 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at May 31, 2020 and 2019 are summarized as follows:

	2020	2019
Capital assets not being depreciated		
Land and improvements	$ 1,726,438	$ 1,576,440
Construction in progress	2,792,194	1,498,935
	4,518,632	3,075,375
Capital assets being depreciated		
Sewer and drainage systems	71,947,876	66,923,291
Parks and recreational facilities	10,649,491	8,577,655
Landscaping improvements	1,338,573	632,528
	83,935,940	76,133,474
Less accumulated depreciation		
Sewer and drainage systems	(9,003,512)	(7,372,558)
Parks and recreational facilities	(2,016,222)	(1,523,556)
Landscaping improvements	(125,344)	(55,765)
	(11,145,078)	(8,951,879)
Depreciable capital assets, net	72,790,862	67,181,595
Capital assets, net	$ 77,309,494	$ 70,256,970

Capital asset additions during the current year include the following:

- Woodforest 3B-2, Phase 2 and Central Pine Street (FCT to Regal Row) – utilities
- Central Pine Street Pine Market Avenue (East of FCT) – utilities
- Woodforest, Section 60 and 103 – utilities
- Central Pine Street Extension (WF 71 to Ditch 4P) – utilities
- Woodforest Pine Market Commercial Tract Electrical Package
- Woodforest Pine Market 3B-2, Phase 1 and 2 – landscape
- Commercial Tract 3B-1 and 3B-2 – utilities
- Bonterra at Woodforest, Section 7 and 8 – utilities

- Stampede Sportsplex, Phase 2 – amenity improvements
- Stampede Sportsplex, Phase 3 – parking lot
- Woodforest Lift Station No. 5

The District's construction in progress is for the construction of:

- Woodforest 3B-2, Phase 2 and Central Pine Street (FCT to Regal Row) – paving
- Permanent Wastewater Treatment Plant, Phase 3
- Woodforest Fish Creek Thoroughfare, Phase 2 – landscaping
- Tract 3B-1 - landscaping

Montgomery County assumes responsibility (after a one-year maintenance period) for public road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended May 31, 2020, capital assets in the amount of $3,613,162 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of May 31, 2020, the District owes $9,603,057 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $3,020,055 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developer is reimbursed.

At May 31, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2010	$ 120,000	$ 935,000
2011 Road	115,000	900,000
2012	105,000	1,525,000
2012 Road	235,000	3,225,000
2013	5,010,000	5,185,000
2013 Road	4,915,000	5,080,000
2014	14,995,000	15,475,000
2014 Road	3,510,000	3,630,000
2015	22,020,000	22,730,000
2015 Road	5,050,000	5,220,000
2016 Refunding	2,555,000	2,585,000
2016 Road Refunding	2,500,000	2,530,000
2017	10,930,000	11,230,000
2017 Road	7,705,000	7,905,000
2018 Park	5,555,000	5,700,000
2019	10,135,000	10,480,000
2019 Road	6,735,000	6,780,000
2019 Refunding	2,165,000	
2019 Road Refunding	3,690,000	
2019A	8,915,000	
	$ 116,960,000	$ 111,115,000

During the current year, the District issued $2,165,000 in unlimited tax utility refunding bonds, $3,690,000 in unlimited tax road refunding bonds and $8,915,000 in unlimited tax bonds. At May 31, 2020, the District had $84,800,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the wastewater and storm drainage systems within the District and the refunding of such bonds; $10,745,000 for parks and recreational facilities and the refunding of such bonds; and $9,125,000 for road improvements and the refunding of such bonds.

During the current year, the District issued a $3,916,000 bond anticipation note (BAN) to provide short-term financing for developers reimbursements. The BAN will be repaid with proceeds from the issuance of long-term debt. See Note 6 for additional information.

Next Year's Budget

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

	2020 Actual	2021 Budget
Total revenues	$ 3,969,952	$ 3,707,720
Total expenditures	(2,905,951)	(3,656,700)
Revenues over expenditures	1,064,001	51,020
Other changes in fund balance	158,060	
Net change in fund balance	1,222,061	51,020
Beginning fund balance	3,776,595	4,998,656
Ending fund balance	$ 4,998,656	$ 5,049,676

Property Taxes

The District's property tax base increased approximately $42,249,000 for the 2020 tax year from $1,112,459,270 to $1,154,708,718. This increase was primarily due to new construction in the District and increased property values.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 15, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Montgomery County Municipal Utility District No. 113
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Wastewater Treatment Plant Fund	Total
Assets					
Cash	$ 2,261,607	$ 5,909,607	$ 323,391	$ 47,725	$ 8,542,330
Investments	2,845,523	3,241,907	5,499,559		11,586,989
Taxes receivable	49,945	218,847			268,792
Customer service receivables	168,136				168,136
Due from other governments				4,603	4,603
Internal balances	62,122	(6,940)	(118,900)	63,718	
Other receivables	551	1,787	33,844		36,182
Prepaid items	4,714				4,714
Operating reserve - JWWTP	16,600				16,600
Capital assets not being depreciated					
Capital assets, net					
Total Assets	$ 5,409,198	$ 9,365,208	$ 5,737,894	$ 116,046	$ 20,628,346
Deferred Outflows of Resources					
Deferred difference on refunding					
Liabilities					
Accounts payable	$ 351,352	$ -	$ 81,362	$ 96,046	$ 528,760
Retainage payable			207,929		207,929
Other payables	2,511	27,863			30,374
Operating reserve - JWWTP				20,000	20,000
Due to other governments	6,734				6,734
Accrued interest payable					
Bond anticipation note payable					
Due to developers					
Long-term debt					
Due within one year					
Due after one year					
Total Liabilities	360,597	27,863	289,291	116,046	793,797
Deferred Inflows of Resources					
Deferred property taxes	49,945	218,847			268,792
Fund Balances/Net Position					
Fund Balances					
Nonspendable	21,314				21,314
Restricted		9,118,498	5,448,603		14,567,101
Unassigned	4,977,342				4,977,342
Total Fund Balances	4,998,656	9,118,498	5,448,603		19,565,757
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,409,198	$ 9,365,208	$ 5,737,894	$ 116,046	$ 20,628,346
Net Position					
Net investment in capital assets					
Restricted for debt service					
Unrestricted					
Total Net Position					

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 8,542,330
	11,586,989
	268,792
	168,136
	4,603
	36,182
	4,714
	16,600
4,518,632	4,518,632
72,790,862	72,790,862
77,309,494	97,937,840
716,131	716,131
	528,760
	207,929
	30,374
	20,000
	6,734
995,861	995,861
3,916,000	3,916,000
9,603,057	9,603,057
3,820,000	3,820,000
111,379,717	111,379,717
129,714,635	130,508,432
(268,792)	
(21,314)	
(14,567,101)	
(4,977,342)	
(19,565,757)	
(16,475,980)	(16,475,980)
8,341,484	8,341,484
(23,719,965)	(23,719,965)
$ (31,854,461)	$ (31,854,461)

Montgomery County Municipal Utility District No. 113
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Wastewater Treatment Plant Fund	Total
Revenues					
Sewer service	$ 1,089,794	$ -	$ -	$ -	$ 1,089,794
Participant billings				657,698	657,698
Garbage service	669,175				669,175
Property taxes	2,052,029	7,665,853			9,717,882
Penalties and interest	13,648	47,505			61,153
Tap connection and inspection	48,155				48,155
Miscellaneous	42,747				42,747
Investment earnings	54,404	88,371	103,433	36	246,244
Total Revenues	3,969,952	7,801,729	103,433	657,734	12,532,848
Expenditures/Expenses					
Current service operations					
Purchased services	641,600				641,600
Professional fees	226,554		143,217		369,771
Contracted services	1,081,762	124,307		209,349	1,415,418
Repairs and maintenance	676,585			341,611	1,018,196
Utilities	155,619			93,021	248,640
Administrative	114,985	8,318		13,753	137,056
Other	8,846				8,846
Capital outlay			14,852,024		14,852,024
Debt service					
Principal		3,290,000			3,290,000
Interest and fees		3,658,809			3,658,809
Developer interest			238,047		238,047
Debt issuance costs		226,719	666,174		892,893
Depreciation					
Total Expenditures/Expenses	2,905,951	7,308,153	15,899,462	657,734	26,771,300
Revenues Over (Under) Expenditures/Expenses	1,064,001	493,576	(15,796,029)		(14,238,452)
Other Financing Sources/(Uses)					
Proceeds from sale of bonds			8,915,000		8,915,000
Proceeds from sale of refunding bonds		5,855,000			5,855,000
Payment to refunded bond escrow agent		(5,622,153)			(5,622,153)
Proceeds from bond anticipation note			3,916,000		3,916,000
Internal transfers	158,060		(158,060)		
Other Items					
Transfers to other governments					
Net Change in Fund Balances	1,222,061	726,423	(3,123,089)		(1,174,605)
Change in Net Position					
Fund Balance/Net Position					
Beginning of the year	3,776,595	8,392,075	8,571,692		20,740,362
End of the year	$ 4,998,656	$ 9,118,498	$ 5,448,603	$ -	$ 19,565,757

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 1,089,794
	657,698
	669,175
71,179	9,789,061
11,257	72,410
	48,155
	42,747
	246,244
82,436	12,615,284
	641,600
	369,771
	1,415,418
	1,018,196
	248,640
	137,056
	8,846
(14,852,024)	
(3,290,000)	
250,904	3,909,713
	238,047
	892,893
2,193,199	2,193,199
(15,697,921)	11,073,379
15,780,357	1,541,905
(8,915,000)	
(5,855,000)	
5,622,153	
(3,916,000)	
(3,613,162)	(3,613,162)
1,174,605	
(2,071,257)	(2,071,257)
(50,523,566)	(29,783,204)
$ (51,420,218)	$ (31,854,461)

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 113 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to Senate Bill No. 1963 in the 80th Regular Session of the Texas Legislature, codified as Chapter 8212, Special District Local Laws Code (the "Act") dated June 15, 2007, in accordance with Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and the Act. The Board of Directors held its first meeting on August 31, 2007, and the first bonds were issued on December 1, 2010.

The District's primary activities include construction, maintenance and operation of wastewater, drainage, roads, parks and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, and no related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

- The General Fund is used to account for the operations of the District's sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and sewer and garbage service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's sewer, drainage, park, and road facilities.
- The Joint Wastewater Treatment Plant Fund is used to account for revenues received from participating districts that are restricted for the operation and maintenance of a joint regional wastewater treatment plant. See Note 13 for additional information.

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2020, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of wastewater, drainage, and parks and recreational facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Sewer and drainage system	45 years
Parks and recreational facilities	10-20 years
Landscaping improvements	20 years

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

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and an operating reserve paid to the Joint Wastewater Treatment Plant Fund.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 19,565,757
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 88,454,572	
Less accumulated depreciation	(11,145,078)	
Change due to capital assets		77,309,494
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		716,131
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(115,199,717)	
Bond anticipation note payable	(3,916,000)	
Interest payable	(995,861)	
Change due to long-term debt		(120,111,578)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(9,603,057)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	234,468	
Penalty and interest receivable	34,324	
Change due to property taxes		268,792
Total net position - governmental activities		$ (31,854,461)

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

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

Net change in fund balances - total governmental funds		$ (1,174,605)
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		82,436
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 14,852,024	
Depreciation expense	(2,193,199)	
		12,658,825
Montgomery County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.		(3,613,162)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long term debt	(14,770,000)	
Proceeds from issuance of bond anticipation note	(3,916,000)	
Payment to refunded bond escrow agent	5,622,153	
Principal payments	3,290,000	
Interest expense accrual	(250,904)	
		(10,024,751)
Change in net position of governmental activities		$ (2,071,257)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of May 31, 2020, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	350,223	3%	N/A	N/A
TexSTAR	General	2,845,523			
	Debt Service	2,891,684			
	Capital Projects	5,499,559			
		11,236,766	97%	AAAm	29 days
Total		$ 11,586,989	100%		

The District's investments in certificates of deposit are reported at cost.

TexSTAR

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

The District's investment in TexSTAR is reported at fair value because TexSTAR uses fair value to report investments. Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in TexSTAR is measured using published fair value per share (level 1 inputs).

Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at May 31, 2020, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 6,940	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	118,900	Bond application fees paid by the General Fund
Special Revenue Fund	General Fund	63,718	District's share of joint wastewater treatment plant expenses

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

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

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	$ 159,000	Reimbursement of wastewater treatment plant expenses paid by the General Fund
General Fund	Capital Projects Fund	940	Reimbursement of professional fees paid by the Capital Projects Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2020, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 1,576,440	$ 149,998	$ -	$ 1,726,438
Construction in progress	1,498,935	2,601,456	(1,308,197)	2,792,194
	3,075,375	2,751,454	(1,308,197)	4,518,632
Capital assets being depreciated				
Sewer and drainage systems	66,923,291	5,024,585		71,947,876
Parks and recreational facilities	8,577,655	2,071,836		10,649,491
Landscaping improvements	632,528	706,045		1,338,573
	76,133,474	7,802,466		83,935,940
Less accumulated depreciation				
Sewer and drainage systems	(7,372,558)	(1,630,954)		(9,003,512)
Parks and recreational facilities	(1,523,556)	(492,666)		(2,016,222)
Landscaping improvements	(55,765)	(69,579)		(125,344)
	(8,951,879)	(2,193,199)		(11,145,078)
Subtotal depreciable capital assets, net	67,181,595	5,609,267		72,790,862
Capital assets, net	$ 70,256,970	$ 8,360,721	$ (1,308,197)	$ 77,309,494

Depreciation expense for the current year was $2,193,199.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Amounts Paid	Remaining Commitment
Central Pine Street and Pine Market Ave. Phase 3 -	$ 302,470	$ -	$ 302,470
Woodforest 3B-2, Phase 2 and Central Pine Street (Fish Creek Thoroughfare to Regal Row) - paving	303,273	261,884	41,389
Pine Market, Phase 3b-1 - landscaping	113,463	102,117	11,346
Fish Creek Thoroughfare, Phase 2 - landscaping	321,737	289,563	32,174
Waste Water Treatment Plant - Phase 3	1,759,767	1,614,661	145,106
	$ 2,800,710	$ 2,268,225	$ 532,485

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

Note 6 – Bond Anticipation Note (continued)

On November 26, 2019, the District issued a $3,916,000 BAN with an interest rate of 1.70%, which was due on November 24, 2020. This BAN was repaid subsequent to year end. See Note 16 for additional information.

The effect of this transaction on the District's short-term obligations are as follows:

Beginning balance	$	-
Amount borrowed		3,916,000
Ending balance	$	3,916,000

Note 7 – Due to Developers

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

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

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

Due to developers, beginning of year	$	11,596,196
Developer reimbursements		(10,266,396)
Developer funded construction and adjustments		8,273,257
Due to developers, end of year	$	9,603,057

Note 7 – Due to Developers (continued)

In addition, the District will owe the developers approximately $3,020,055, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Forest Island Tennis Court Expansion	$ 638,410	$ 125,075	$ 513,335
Central Pine Street and Pine Market Ave. Phase 3 -	172,011	130,228	41,783
Bonterra at Woodforest:			
Section 9 - utilities	735,471	562,424	173,047
Section 9 - paving*	40,211	27,705	12,506
Section 10 - utilities*	419,162		419,162
Woodforest Trails 2019 - landscaping	587,865	340,162	247,703
Christine Allen Nature Park - electrical	73,600	63,124	10,476
Woodforest Section 70 - utilities	353,325		353,325
	$ 3,020,055	$ 1,248,719	$ 1,771,336

*District's estimated share of contract

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 116,960,000
Unamortized discounts	(1,760,283)
	$ 115,199,717
Due within one year	$ 3,820,000

The District's bonds payable at May 31, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010	$ 120,000	$ 3,700,000	4.0% - 5.25%	September 1, 2013 - 2025	September 1, March 1	September 1, 2018
2011 Road	115,000	3,590,000	3.5% - 5.1%	September 1, 2013 - 2025	September 1, March 1	September 1, 2018
2012	105,000	1,765,000	3.0% - 5.0%	September 1, 2013 - 2036	September 1, March 1	September 1, 2019
2012 Road	235,000	3,700,000	2.5% - 4.2%	September 1, 2014 - 2036	September 1, March 1	September 1, 2019

Note 8 – Long-Term Debt (continued)

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2013	5,010,000	5,935,000	2.5% - 5.0%	September 1, 2014 - 2037	September 1, March 1	September 1, 2021
2013 Road	4,915,000	5,650,000	3.0% - 5.0%	September 1, 2015 - 2037	September 1, March 1	September 1, 2021
2014	14,995,000	17,200,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2014 Road	3,510,000	4,100,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2015	22,020,000	24,910,000	2.0% - 3.625%	September 1, 2016 - 2039	September 1, March 1	September 1, 2023
2015 Road	5,050,000	5,745,000	2.0% - 4.0%	September 1, 2016 - 2039	September 1, March 1	September 1, 2023
2016 Refunding	2,555,000	2,705,000	2.0% - 3.25%	September 1, 2016 - 2035	September 1, March 1	September 1, 2023
2016 Road Refunding	2,500,000	2,645,000	2.0% - 3.25%	September 1, 2016 - 2035	September 1, March 1	September 1, 2023
2017	10,930,000	11,930,000	2.0% - 3.75%	September 1, 2017 - 2041	September 1, March 1	September 1, 2024
2017 Road	7,705,000	8,100,000	3.0% - 3.5%	September 1, 2018 - 2042	September 1, March 1	September 1, 2024
2018 Park	5,555,000	5,700,000	3.0% - 3.75%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019	10,135,000	10,480,000	2.0% - 4.0%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Road	6,735,000	6,780,000	2.0% - 4.5%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Refunding	2,165,000	2,165,000	2.0% - 3.0%	September 1, 2020 - 2036	September 1, March 1	September 1, 2024
2019 Road Refunding	3,690,000	3,690,000	2.0% - 3.0%	September 1, 2020 - 2036	September 1, March 1	September 1, 2024
2019A	8,915,000	8,915,000	2.0% - 3.0%	September 1, 2020 - 2044	September 1, March 1	September 1, 2024
	$ 116,960,000					

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

Note 8 – Long-Term Debt (continued)

At May 31, 2020, the District had authorized but unissued bonds in the amount of $84,800,000 for wastewater and storm drainage facilities and refunding of such bonds; $10,745,000 for parks and recreational facilities and the refunding of such bonds; and $9,125,000 for road improvements and the refunding of such bonds.

On July 10, 2019, the District issued its $2,165,000 Series 2019 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.385682% to refund $2,075,000 of outstanding Series 2010 and 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $214,673 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $162,092. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through the redemption date of the bonds. As of May 31, 2020, the bonds have all been redeemed and are no longer outstanding.

On July 10, 2019, the District issued its $3,690,000 Series 2019 Unlimited Tax Road Improvement Refunding Bonds at a net effective interest rate of 3.236130% to refund $3,560,000 of outstanding Series 2011 and 2012 road bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $352,267 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $265,191. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through the redemption date of the bonds. As of May 31, 2020, the bonds have all been redeemed and are no longer outstanding.

On December 17, 2019, the District issued its $8,915,000 Series 2019A Unlimited Tax Bonds at a net effective interest rate of 2.891188%. Proceeds of the bonds were used to reimburse developers for the following: the construction of capital assets within the District; engineering, clearing and grubbing, and other costs associated with the construction of capital assets and to pay developers interest at the net effective interest rate of the bonds

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

Bonds payable, beginning of year	$	111,115,000
Bonds issued		14,770,000
Bonds retired		(3,290,000)
Bonds refunded		(5,635,000)
Bonds payable, end of year	$	116,960,000

Note 8 – Long-Term Debt (continued)

As of May 31, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	$ 3,820,000	$ 3,751,980	$ 7,571,980
2022	3,895,000	3,642,750	7,537,750
2023	4,055,000	3,527,588	7,582,588
2024	4,230,000	3,412,581	7,642,581
2025	4,420,000	3,295,695	7,715,695
2026	4,595,000	3,174,874	7,769,874
2027	4,770,000	3,048,386	7,818,386
2028	4,975,000	2,907,809	7,882,809
2029	5,180,000	2,754,559	7,934,559
2030	5,390,000	2,592,088	7,982,088
2031	5,610,000	2,418,709	8,028,709
2032	5,860,000	2,232,012	8,092,012
2033	6,090,000	2,032,022	8,122,022
2034	6,315,000	1,819,756	8,134,756
2035	6,605,000	1,594,420	8,199,420
2036	6,870,000	1,355,747	8,225,747
2037	6,600,000	1,112,645	7,712,645
2038	6,490,000	870,295	7,360,295
2039	5,910,000	641,201	6,551,201
2040	4,680,000	450,420	5,130,420
2041	2,875,000	316,563	3,191,563
2042	2,990,000	213,753	3,203,753
2043	2,335,000	120,950	2,455,950
2044	1,905,000	47,706	1,952,706
2045	495,000	7,425	502,425
	$ 116,960,000	$ 47,341,934	$ 164,301,934

Note 9 – Property Taxes

On May 10, 2008, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.25 per $100 of assessed value, and used in financing the maintenance of road facilities, limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Note 9 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District's 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of $0.88 per $100 of assessed value, of which $0.185 was allocated to maintenance and operations, $0.485 was allocated to water, sewer, drainage, and parks debt service, and $0.21 was allocated to road debt service. The resulting tax levy was $9,789,642 on the adjusted taxable value of $1,112,459,270.

Property taxes receivable, at May 31, 2020, consisted of the following:

Current year taxes receivable	$ 214,856
Prior years taxes receivable	19,612
	234,468
Penalty and interest receivable	34,324
Property taxes receivable	$ 268,792

Note 10 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended May 31, 2020, the District recorded transfers to other governments in the amount of $3,613,162 for road facilities constructed by developers within the District.

Note 11 – Strategic Partnership Agreement

Effective September 23, 2008, the District and the City of Conroe (the "City") entered into a Strategic Partnership Agreement under which the City may annex the District for limited purposes. The District continues (1) to exercise all powers and functions of a municipal utility district and (2) to provide certain services described in the agreement, and the City agrees to remit one half of all retail sales tax collected from retailers located within the District's boundaries. The City has not yet annexed the District for limited purposes. Accordingly, the City has not yet imposed a sales tax in the District and therefore, no rebate was due or paid.

The City agrees that it will not annex all or part of the District during the initial ten year term of this agreement. The District will be converted to full purpose annexation upon the earlier of the following dates: (1) the date on which all debt of the District that is payable from ad valorem taxes is fully paid and the District has fully reimbursed the developers within the District in accordance with any written reimbursement agreement or (2) December 31, 2037. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City.

Note 11 – Strategic Partnership Agreement (continued)

If debt of the District remains outstanding on the full purpose annexation conversion date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the District shall become a "limited district". The "limited district" shall be known as Montgomery Utility District No. 113 and shall continue for a term through the earlier of ten additional years or all outstanding debt has been fully paid. The powers of the "limited district" are restricted to the levy and collection of ad valorem taxes sufficient to meet the outstanding debt service requirements.

The City may extend the existence of the "limited district" for successive ten year terms for so long as any debt of the "limited district" remains. The "limited district" ceases to exist 60 days after all debt is paid and title to all assets and improvements vests in the City.

Note 12 – Water Supply Agreement

MSEC Enterprises ("MSEC") supplies water to District residents pursuant to an agreement with the District's developer. MSEC owns, constructs, operates and maintains the water supply and water distribution systems that serve residents within the District. The District's developer has committed to pay all capital connection fees.

Note 13 – Agreements with Municipal Utility District No. 121

Joint Construction and Operation of Regional Facilities

On August 20, 2018, The District entered into a fifty-year agreement with Montgomery County Municipal Utility District No. 121 ("MUD 121"). This was amended and restated on May 20, 2019. The purpose of the agreement is to establish a wastewater collection and treatment system, a drainage system and parks. Each of these projects are referred to as an Element and is planned to be designed, constructed and funded in Segments. MUD 121 will reimburse the District for its proportionate share of the construction costs, plus interest, of certain completed and funded Elements of the project that were originally paid by the District. Each District agrees to fund its portion of future project costs on or before the due date by depositing its proportionate share in a separate account dedicated to payment of construction costs. The District is responsible for the design and construction of all Elements.

The District will hold legal title to the facilities for the benefit of both districts and is designated as the operator of the facilities. However, each District will have an equitable interest in their share of purchased capacity. During the prior year, the District established a separate fund to account for the operation, maintenance, and construction costs of the wastewater plant.

Note 13 – Agreements with Municipal Utility District No. 121 (continued)

Pursuant to the amended and restated agreement, the District established an initial deposit balance in the Joint Wastewater Treatment Plant Fund of $20,000 to pay operating expenses as they become due. The District contributed 83% of the initial balance, and MUD 121 contributed 17% of the initial balance. During the course of three (3) years, the initial balance will increase in the following manner: 1) to $30,000 after the first year the balance was established, 2) to $35,000 after the second year, and 3) to $40,000 or an amount equal to three month's operating expenses, based on the annual budget prepared and adopted, after the third year, whichever amount is higher. As of May 31, 2020, the District has paid $16,600 for its share of the initial deposit. This amount is recognized as an "operating reserve" on the *Statement of Net Position.*

The participating districts are billed the cost of operating expenses based upon a ratio of each District's active connections to the total active connections. During the current year, the District paid $641,600 for its share of operating expenses.

Reimbursement Allocation Agreement

On September 16, 2019, the District entered into a Reimbursement Allocation Agreement (the "Agreement") with MUD 121 for the construction of recreational trails within the Woodforest Community ("Project"), the total cost of constructing the recreational trails is $526,190. The District's share of construction cost is $440,967, which Woodforest Development, Inc. ("WDI") will make on the behalf of the District. Upon completion of the Project, each district will own and operate their portion of the project. Additionally, the District is responsible for reimbursing WDI from the proceeds of future bond issues, pursuant to the Development Financing Agreement between the District and WDI.

Note 14 – Risk Management

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

Note 15 – 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. 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. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various "Work Safe – Stay Home" orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

Note 15 – Infectious Disease Outlook (COVID-19) (continued)

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 the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within 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.

Note 16 – Subsequent Event

On June 25, 2020, the District issued its $6,425,000 Series 2020 Unlimited Tax Park Bonds at a net effective rate of 2.258332%. Proceeds from the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; and (2) to repay a $3,916,000 BAN issued within the fiscal year.

(This page intentionally left blank)

Required Supplementary Information

Montgomery County Municipal Utility District No. 113
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Sewer service	$ 1,600,000	$ 1,600,000	$ 1,089,794	$ (510,206)
Garbage service			669,175	669,175
Property taxes	1,630,000	1,960,000	2,052,029	92,029
Penalties and interest			13,648	13,648
Tap connection and inspection	60,000	60,000	48,155	(11,845)
Miscellaneous	26,040	27,720	42,747	15,027
Investment earnings	30,000	30,000	54,404	24,404
Total Revenues	3,346,040	3,677,720	3,969,952	292,232
Expenditures				
Current service operations				
Purchased services	707,750	707,750	641,600	66,150
Professional fees	289,500	289,500	226,554	62,946
Contracted services	1,035,000	1,135,000	1,081,762	53,238
Repairs and maintenance	623,745	631,745	676,585	(44,840)
Utilities	50,000	85,000	155,619	(70,619)
Administrative	95,500	104,500	114,985	(10,485)
Other	22,500	22,500	8,846	13,654
Capital outlay	345,000	468,000		468,000
Total Expenditures	3,168,995	3,443,995	2,905,951	538,044
Revenues Over Expenditures	177,045	233,725	1,064,001	830,276
Other Financing Sources				
Internal transfers			158,060	158,060
Net Change in Fund Balance	177,045	233,725	1,222,061	988,336
Fund Balance				
Beginning of the year	3,776,595	3,776,595	3,776,595	
End of the year	$ 3,953,640	$ 4,010,320	$ 4,998,656	$ 988,336

Budgets and Budgetary Accounting

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

(This page intentionally left blank)

Texas Supplementary Information

Montgomery County Municipal Utility District No. 113
TSI-1. Services and Rates
May 31, 2020

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

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

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

[ ] Other (Specify): ____________________

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Wastewater:	$ 47.55	-0-	Y	N/A	-0- to unlimited

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water ________ Wastewater $ 47.55

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater	3,501	3,352	x 1.0	3,352

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
   (You may omit this information if your district does not provide water)

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

4. Standby Fees (authorized only under TWC Section 49.231):
   (You may omit this information if your district does not levy standby fees)

   Does the District have Debt Service standby fees? Yes ☐ No ☒

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

   Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

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

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

   Is the District located entirely within one county? Yes ☒ No ☐

   County(ies) in which the District is located: Montgomery County

   Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

   City(ies) in which the District is located: __________

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

   Entirely ☒ Partly ☐ Not at all ☐

   ETJs in which the District is located: City of Conroe

   Are Board members appointed by an office outside the district? Yes ☐ No ☒

   If Yes, by whom? __________

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-2 General Fund Expenditures
For the Year Ended May 31, 2020

Purchased services	$	641,600
Professional fees		
Legal		149,947
Audit		16,500
Engineering		60,107
		226,554
Contracted services		
Bookkeeping		28,000
Operator		125,364
Garbage collection		698,663
Tap connection and inspection		35,595
Security		194,140
		1,081,762
Repairs and maintenance		676,585
Utilities		155,619
Administrative		
Directors fees		11,100
Printing and office supplies		75,734
Insurance		21,302
Other		6,849
		114,985
Other		8,846
Total expenditures	$	2,905,951

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-3. Investments
May 31, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	$ 2,845,523	$ -
Debt Service				
TexSTAR	Variable	N/A	2,163,531	
TexSTAR	Variable	N/A	728,153	
Certificate of deposit	0.70%	11/17/20	242,215	56
Certificate of deposit	0.50%	11/17/20	108,008	6
			3,241,907	62
Capital Projects				
TexSTAR	Variable	N/A	1,852,830	
TexSTAR	Variable	N/A	3,646,729	
			5,499,559	
Total - All Funds			$ 11,586,989	$ 62

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-4. Taxes Levied and Receivable
May 31, 2020

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 44,931	$ 81,311	$ 37,047	$ 163,289
Adjustments	(1,007)	(1,832)	(849)	(3,688)
Adjusted Receivable	43,924	79,479	36,198	159,601
2019 Original Tax Levy	1,952,379	5,118,399	2,216,214	9,286,992
Adjustments	105,671	277,029	119,950	502,650
Adjusted Tax Levy	2,058,050	5,395,428	2,336,164	9,789,642
Total to be accounted for	2,101,974	5,474,907	2,372,362	9,949,243
Tax collections:				
Current year	2,012,881	5,277,013	2,284,892	9,574,786
Prior years	39,148	69,278	31,563	139,989
Total Collections	2,052,029	5,346,291	2,316,455	9,714,775
Taxes Receivable, End of Year	$ 49,945	$ 128,616	$ 55,907	$ 234,468
Taxes Receivable, By Years				
2019	$ 45,169	$ 118,415	$ 51,272	$ 214,856
2018	2,998	5,276	2,398	10,672
2017	1,167	2,888	1,475	5,530
2016 and prior	611	2,037	762	3,410
Taxes Receivable, End of Year	$ 49,945	$ 128,616	$ 55,907	$ 234,468

	2019	2018	2017	2016
Property Valuations				
Land	$ 240,937,810	$ 206,085,490	$ 182,776,310	$ 163,575,680
Improvements	926,563,330	812,786,530	735,698,070	644,736,810
Personal Property	16,745,293	14,141,935	13,090,766	11,215,770
Exemptions	(71,787,163)	(57,693,264)	(54,253,835)	(47,324,002)
Total Property Valuations	$ 1,112,459,270	$ 975,320,691	$ 877,311,311	$ 772,204,258
Tax Rates per $100 Valuation				
Maintenance tax rates	$ 0.185	$ 0.25	$ 0.19	$ 0.165
Debt service tax rates				
Road	0.210	0.20	0.24	0.205
Water, sewer and drainage	0.485	0.44	0.47	0.550
	$ 0.880	$ 0.89	$ 0.90	$ 0.920
Adjusted Tax Levy:	$ 9,789,642	$ 8,680,354	$ 7,895,802	$ 7,104,279
Percentage of Taxes Collected to Taxes Levied **	97.81%	99.88%	99.93%	99.95%

* Maximum Maintenance Tax Rate Approved by Voters: $1.25 on May 10, 2008
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2008

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.
See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2010--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 120,000	$ 2,850	$ 122,850

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2011 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 115,000	$ 2,415	$ 117,415

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2012--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 50,000	$ 2,855	$ 52,855
2022	55,000	990	55,990
	$ 105,000	$ 3,845	$ 108,845

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2012 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 115,000	$ 5,757	$ 120,757
2022	120,000	1,980	121,980
	$ 235,000	$ 7,737	$ 242,737

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2013--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 180,000	$ 227,585	$ 407,585
2022	190,000	221,335	411,335
2023	200,000	214,260	414,260
2024	210,000	206,310	416,310
2025	220,000	197,710	417,710
2026	230,000	188,365	418,365
2027	240,000	178,200	418,200
2028	250,000	167,355	417,355
2029	265,000	155,635	420,635
2030	275,000	143,077	418,077
2031	290,000	129,655	419,655
2032	305,000	115,223	420,223
2033	320,000	99,750	419,750
2034	335,000	83,375	418,375
2035	350,000	66,250	416,250
2036	365,000	48,375	413,375
2037	385,000	29,625	414,625
2038	400,000	10,000	410,000
	$ 5,010,000	$ 2,482,085	$ 7,492,085

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2013 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 170,000	$ 220,975	$ 390,975
2022	180,000	214,825	394,825
2023	190,000	207,425	397,425
2024	200,000	199,625	399,625
2025	210,000	191,425	401,425
2026	220,000	182,825	402,825
2027	230,000	173,825	403,825
2028	245,000	164,019	409,019
2029	255,000	153,394	408,394
2030	270,000	141,900	411,900
2031	285,000	129,412	414,412
2032	300,000	115,500	415,500
2033	315,000	100,125	415,125
2034	330,000	84,000	414,000
2035	350,000	67,000	417,000
2036	370,000	49,000	419,000
2037	385,000	30,125	415,125
2038	410,000	10,250	420,250
	$ 4,915,000	$ 2,435,650	$ 7,350,650

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 505,000	$ 503,906	$ 1,008,906
2022	525,000	490,982	1,015,982
2023	550,000	474,856	1,024,856
2024	580,000	457,906	1,037,906
2025	605,000	440,131	1,045,131
2026	635,000	421,532	1,056,532
2027	665,000	402,031	1,067,031
2028	695,000	381,632	1,076,632
2029	730,000	359,344	1,089,344
2030	765,000	335,050	1,100,050
2031	800,000	309,119	1,109,119
2032	840,000	280,919	1,120,919
2033	880,000	250,819	1,130,819
2034	920,000	219,319	1,139,319
2035	965,000	185,728	1,150,728
2036	1,010,000	149,300	1,159,300
2037	1,055,000	110,581	1,165,581
2038	1,110,000	68,600	1,178,600
2039	1,160,000	23,200	1,183,200
	$ 14,995,000	$ 5,864,955	$ 20,859,955

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 125,000	$ 116,937	$ 241,937
2022	130,000	113,738	243,738
2023	135,000	109,762	244,762
2024	145,000	105,563	250,563
2025	150,000	101,137	251,137
2026	155,000	96,563	251,563
2027	160,000	91,837	251,837
2028	165,000	86,963	251,963
2029	175,000	81,862	256,862
2030	180,000	76,313	256,313
2031	190,000	70,300	260,300
2032	195,000	63,800	258,800
2033	205,000	56,800	261,800
2034	210,000	49,406	259,406
2035	220,000	41,612	261,612
2036	230,000	33,313	263,313
2037	240,000	24,500	264,500
2038	245,000	15,100	260,100
2039	255,000	5,100	260,100
	$ 3,510,000	$ 1,340,606	$ 4,850,606

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 740,000	$ 652,512	$ 1,392,512
2022	770,000	637,413	1,407,413
2023	800,000	621,712	1,421,712
2024	830,000	605,413	1,435,413
2025	865,000	587,381	1,452,381
2026	900,000	567,525	1,467,525
2027	935,000	545,713	1,480,713
2028	975,000	519,400	1,494,400
2029	1,010,000	489,625	1,499,625
2030	1,050,000	458,725	1,508,725
2031	1,095,000	426,550	1,521,550
2032	1,140,000	392,312	1,532,312
2033	1,185,000	355,244	1,540,244
2034	1,230,000	316,000	1,546,000
2035	1,280,000	274,412	1,554,412
2036	1,330,000	230,369	1,560,369
2037	1,385,000	183,687	1,568,687
2038	1,440,000	134,250	1,574,250
2039	1,500,000	82,800	1,582,800
2040	1,560,000	28,275	1,588,275
	$ 22,020,000	$ 8,109,318	$ 30,129,318

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2015 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 175,000	$ 161,444	$ 336,444
2022	180,000	157,894	337,894
2023	190,000	154,194	344,194
2024	195,000	150,222	345,222
2025	200,000	145,900	345,900
2026	210,000	140,500	350,500
2027	215,000	134,125	349,125
2028	225,000	127,525	352,525
2029	235,000	120,625	355,625
2030	245,000	113,119	358,119
2031	250,000	105,075	355,075
2032	260,000	96,625	356,625
2033	270,000	87,512	357,512
2034	280,000	77,887	357,887
2035	290,000	67,731	357,731
2036	300,000	57,038	357,038
2037	315,000	45,694	360,694
2038	325,000	33,694	358,694
2039	340,000	20,800	360,800
2040	350,000	7,000	357,000
	$ 5,050,000	$ 2,004,604	$ 7,054,604

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 30,000	$ 77,200	$ 107,200
2022	30,000	76,300	106,300
2023	30,000	75,400	105,400
2024	35,000	74,425	109,425
2025	35,000	73,375	108,375
2026	35,000	72,325	107,325
2027	200,000	68,800	268,800
2028	215,000	62,575	277,575
2029	220,000	56,050	276,050
2030	225,000	49,375	274,375
2031	230,000	42,550	272,550
2032	240,000	35,500	275,500
2033	250,000	28,150	278,150
2034	250,000	20,650	270,650
2035	260,000	12,837	272,837
2036	270,000	4,388	274,388
	$ 2,555,000	$ 829,900	$ 3,384,900

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2016 Road Refunding--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 30,000	$ 75,538	$ 105,538
2022	30,000	74,638	104,638
2023	30,000	73,738	103,738
2024	30,000	72,837	102,837
2025	35,000	71,862	106,862
2026	35,000	70,812	105,812
2027	195,000	67,362	262,362
2028	200,000	61,437	261,437
2029	215,000	55,213	270,213
2030	220,000	48,688	268,688
2031	225,000	42,013	267,013
2032	235,000	35,112	270,112
2033	245,000	27,912	272,912
2034	250,000	20,488	270,488
2035	260,000	12,675	272,675
2036	265,000	4,306	269,306
	$ 2,500,000	$ 814,631	$ 3,314,631

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 310,000	$ 342,793	$ 652,793
2022	325,000	336,443	661,443
2023	335,000	329,843	664,843
2024	350,000	322,993	672,993
2025	365,000	315,388	680,388
2026	380,000	307,007	687,007
2027	400,000	297,731	697,731
2028	415,000	286,507	701,507
2029	430,000	273,831	703,831
2030	450,000	260,632	710,632
2031	470,000	246,831	716,831
2032	490,000	232,125	722,125
2033	510,000	215,862	725,862
2034	530,000	197,981	727,981
2035	555,000	178,994	733,994
2036	580,000	159,132	739,132
2037	605,000	138,016	743,016
2038	630,000	116,025	746,025
2039	655,000	92,719	747,719
2040	685,000	67,594	752,594
2041	715,000	41,344	756,344
2042	745,000	13,969	758,969
	$ 10,930,000	$ 4,773,760	$ 15,703,760

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 210,000	$ 246,712	$ 456,712
2022	220,000	240,262	460,262
2023	230,000	233,511	463,511
2024	235,000	226,538	461,538
2025	245,000	219,337	464,337
2026	255,000	211,838	466,838
2027	265,000	204,037	469,037
2028	275,000	195,938	470,938
2029	290,000	187,463	477,463
2030	300,000	178,613	478,613
2031	310,000	169,463	479,463
2032	325,000	159,938	484,938
2033	335,000	149,828	484,828
2034	350,000	138,906	488,906
2035	365,000	127,287	492,287
2036	380,000	114,944	494,944
2037	395,000	101,866	496,866
2038	410,000	88,025	498,025
2039	425,000	73,413	498,413
2040	445,000	58,188	503,188
2041	460,000	42,350	502,350
2042	480,000	25,900	505,900
2043	500,000	8,750	508,750
	$ 7,705,000	$ 3,403,107	$ 11,108,107

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2018 Park--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 140,000	$ 188,388	$ 328,388
2022	145,000	184,113	329,113
2023	150,000	179,688	329,688
2024	155,000	175,113	330,113
2025	165,000	170,313	335,313
2026	170,000	165,288	335,288
2027	175,000	160,113	335,113
2028	185,000	154,713	339,713
2029	190,000	149,088	339,088
2030	200,000	143,113	343,113
2031	210,000	136,575	346,575
2032	220,000	129,588	349,588
2033	225,000	122,216	347,216
2034	235,000	114,306	349,306
2035	245,000	105,906	350,906
2036	255,000	97,156	352,156
2037	265,000	87,891	352,891
2038	280,000	78,013	358,013
2039	290,000	67,500	357,500
2040	305,000	56,344	361,344
2041	315,000	44,719	359,719
2042	330,000	32,625	362,625
2043	345,000	19,969	364,969
2044	360,000	6,750	366,750
	$ 5,555,000	$ 2,769,488	$ 8,324,488

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 260,000	$ 324,781	$ 584,781
2022	270,000	314,181	584,181
2023	280,000	303,181	583,181
2024	290,000	294,681	584,681
2025	305,000	288,731	593,731
2026	315,000	282,138	597,138
2027	330,000	274,881	604,881
2028	340,000	266,069	606,069
2029	355,000	255,644	610,644
2030	370,000	244,769	614,769
2031	385,000	233,444	618,444
2032	400,000	221,669	621,669
2033	415,000	209,444	624,444
2034	430,000	196,500	626,500
2035	450,000	182,750	632,750
2036	465,000	168,163	633,163
2037	485,000	152,422	637,422
2038	505,000	135,400	640,400
2039	525,000	117,375	642,375
2040	545,000	98,650	643,650
2041	570,000	78,781	648,781
2042	590,000	57,756	647,756
2043	615,000	35,531	650,531
2044	640,000	12,000	652,000
	$ 10,135,000	$ 4,748,941	$ 14,883,941

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 170,000	$ 199,531	$ 369,531
2022	180,000	191,656	371,656
2023	185,000	183,444	368,444
2024	195,000	177,331	372,331
2025	200,000	173,381	373,381
2026	210,000	169,281	379,281
2027	220,000	164,706	384,706
2028	225,000	159,700	384,700
2029	235,000	154,378	389,378
2030	245,000	148,525	393,525
2031	255,000	141,638	396,638
2032	265,000	133,838	398,838
2033	275,000	125,738	400,738
2034	285,000	117,338	402,338
2035	300,000	108,563	408,563
2036	310,000	99,413	409,413
2037	325,000	89,888	414,888
2038	335,000	79,988	414,988
2039	350,000	69,494	419,494
2040	365,000	58,094	423,094
2041	375,000	46,069	421,069
2042	395,000	33,553	428,553
2043	410,000	20,475	430,475
2044	425,000	6,906	431,906
	$ 6,735,000	$ 2,852,928	$ 9,587,928

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 25,000	$ 59,063	$ 84,063
2022	145,000	56,512	201,512
2023	210,000	51,187	261,187
2024	220,000	44,737	264,737
2025	230,000	37,987	267,987
2026	240,000	32,138	272,138
2027	80,000	28,938	108,938
2028	85,000	27,288	112,288
2029	90,000	25,481	115,481
2030	90,000	23,513	113,513
2031	95,000	21,075	116,075
2032	100,000	18,150	118,150
2033	100,000	15,150	115,150
2034	105,000	12,075	117,075
2035	115,000	8,775	123,775
2036	115,000	5,325	120,325
2037	120,000	1,800	121,800
	$ 2,165,000	$ 469,194	$ 2,634,194

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road Refunding--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 30,000	$ 100,500	$ 130,500
2022	150,000	97,800	247,800
2023	285,000	91,275	376,275
2024	295,000	82,575	377,575
2025	315,000	73,425	388,425
2026	325,000	65,450	390,450
2027	170,000	60,500	230,500
2028	180,000	57,000	237,000
2029	180,000	53,288	233,288
2030	190,000	49,238	239,238
2031	195,000	44,175	239,175
2032	210,000	38,100	248,100
2033	215,000	31,725	246,725
2034	220,000	25,200	245,200
2035	235,000	18,375	253,375
2036	245,000	11,175	256,175
2037	250,000	3,750	253,750
	$ 3,690,000	$ 903,551	$ 4,593,551

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
Series 2019A--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 320,000	$ 240,238	$ 560,238
2022	250,000	231,688	481,688
2023	255,000	224,112	479,112
2024	265,000	216,312	481,312
2025	275,000	208,212	483,212
2026	280,000	201,287	481,287
2027	290,000	195,587	485,587
2028	300,000	189,688	489,688
2029	305,000	183,638	488,638
2030	315,000	177,438	492,438
2031	325,000	170,834	495,834
2032	335,000	163,613	498,613
2033	345,000	155,747	500,747
2034	355,000	146,325	501,325
2035	365,000	135,525	500,525
2036	380,000	124,350	504,350
2037	390,000	112,800	502,800
2038	400,000	100,950	500,950
2039	410,000	88,800	498,800
2040	425,000	76,275	501,275
2041	440,000	63,300	503,300
2042	450,000	49,950	499,950
2043	465,000	36,225	501,225
2044	480,000	22,050	502,050
2045	495,000	7,425	502,425
	$ 8,915,000	$ 3,522,369	$ 12,437,369

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 113
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 3,820,000	$ 3,751,980	$ 7,571,980
2022	3,895,000	3,642,750	7,537,750
2023	4,055,000	3,527,588	7,582,588
2024	4,230,000	3,412,581	7,642,581
2025	4,420,000	3,295,695	7,715,695
2026	4,595,000	3,174,874	7,769,874
2027	4,770,000	3,048,386	7,818,386
2028	4,975,000	2,907,809	7,882,809
2029	5,180,000	2,754,559	7,934,559
2030	5,390,000	2,592,088	7,982,088
2031	5,610,000	2,418,709	8,028,709
2032	5,860,000	2,232,012	8,092,012
2033	6,090,000	2,032,022	8,122,022
2034	6,315,000	1,819,756	8,134,756
2035	6,605,000	1,594,420	8,199,420
2036	6,870,000	1,355,747	8,225,747
2037	6,600,000	1,112,645	7,712,645
2038	6,490,000	870,295	7,360,295
2039	5,910,000	641,201	6,551,201
2040	4,680,000	450,420	5,130,420
2041	2,875,000	316,563	3,191,563
2042	2,990,000	213,753	3,203,753
2043	2,335,000	120,950	2,455,950
2044	1,905,000	47,706	1,952,706
2045	495,000	7,425	502,425
	$ 116,960,000	$ 47,341,934	$ 164,301,934

See accompanying auditors' report.

TSI-6. Change in Long-Term Bonded Debt

May 31, 2020

	Bond Issue			
	Series 2010	Series 2011 Road	Series 2012	Series 2012 Road
Interest rate	4.0% - 5.25%	3.50% - 5.10%	3.0% - 5.0%	2.50% - 4.20%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/13 - 9/1/25	9/1/13 - 9/1/25	9/1/13 - 9/1/36	9/1/14 - 9/1/36
Beginning bonds outstanding	$ 935,000	$ 900,000	$ 1,525,000	$ 3,225,000
Bonds issued				
Bonds refunded	(705,000)	(680,000)	(1,370,000)	(2,880,000)
Bonds retired	(110,000)	(105,000)	(50,000)	(110,000)
Ending bonds outstanding	$ 120,000	$ 115,000	$ 105,000	$ 235,000
Interest paid during fiscal year	$ 21,216	$ 18,816	$ 33,789	$ 67,659

Paying agent's name and city	
Series 2010 and 2011 Road	Wells Fargo Bank, N.A., Houston, TX
All other Series	Regions Bank, Houston, TX

Bond Authority:	Water, Sewer and Drainage and Refunding Bonds	Road and Road Refunding Bonds	Park Bonds
Amount Authorized by Voters	$ 170,220,000	$ 47,400,000	$ 16,445,000
Amount Issued	(85,420,000)	(38,275,000)	(5,700,000)
Remaining To Be Issued	$ 84,800,000	$ 9,125,000	$ 10,745,000

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

Debt Service Fund cash and investment balances as of May 31, 2020: $ 9,151,514

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 6,572,077

See accompanying auditors' report.

Bond Issue				
Series 2013	Series 2013 Road	Series 2014	Series 2014 Road	Series 2015
2.50% - 5.00%	3.0% - 5.0%	2.0% - 4.0%	2.0% - 4.0%	2.0% - 3.625%
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
9/1/14 - 9/1/37	9/1/15 - 9/1/37	9/1/15 - 9/1/38	9/1/15 - 9/1/38	9/1/16 - 9/1/39
$ 5,185,000	$ 5,080,000	$ 15,475,000	$ 3,630,000	$ 22,730,000
(175,000)	(165,000)	(480,000)	(120,000)	(710,000)
$ 5,010,000	$ 4,915,000	$ 14,995,000	$ 3,510,000	$ 22,020,000
$ 233,135	$ 226,000	$ 513,756	$ 119,388	$ 667,013

	Bond Issue			
	Series 2015 Road	Series 2016 Refunding	Series 2016 Road Refunding	Series 2017
Interest rate	2.0% - 4.0%	2.0% - 3.25%	2.0% - 3.25%	2.0% - 3.75%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/16 - 9/1/39	9/1/16 - 9/1/35	9/1/16 - 9/1/35	9/1/17 - 9/1/41
Beginning bonds outstanding	$ 5,220,000	$ 2,585,000	$ 2,530,000	$ 11,230,000
Bonds issued				
Bonds refunded				
Bonds retired	(170,000)	(30,000)	(30,000)	(300,000)
Ending bonds outstanding	$ 5,050,000	$ 2,555,000	$ 2,500,000	$ 10,930,000
Interest paid during fiscal year	$ 164,894	$ 78,100	$ 76,438	$ 348,893

See accompanying auditors' report.

Bond Issue				
Series 2017 Road	Series 2018 Park	Series 2019	Series 2019 Road	Series 2019 Refunding
3.0% - 3.5%	3.0%-3.75%	2.0% - 4.0%	2.0% - 4.5%	2.0% - 3.0%
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
9/1/18 - 9/1/42	9/1/19 - 9/1/43	9/1/19 - 9/1/43	9/1/19 - 9/1/43	9/1/20 - 9/1/36
$ 7,905,000	$ 5,700,000	$ 10,480,000	$ 6,780,000	$ -
				2,165,000
(200,000)	(145,000)	(345,000)	(45,000)	
$ 7,705,000	$ 5,555,000	$ 10,135,000	$ 6,735,000	$ 2,165,000
$ 252,863	$ 192,663	$ 336,881	$ 170,138	$ 37,809

	Bond Issue		
	Series 2019 Road Refunding	Series 2019A	Totals
Interest rate	2.0% - 3.0%	2.0% - 3.0%	
Dates interest payable	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/20 -	9/1/20 -	
Maturity dates	9/1/36	9/1/44	
Beginning bonds outstanding	$ -	$ -	$ 111,115,000
Bonds issued	3,690,000	8,915,000	14,770,000
Bonds refunded			(5,635,000)
Bonds retired			(3,290,000)
Ending bonds outstanding	$ 3,690,000	$ 8,915,000	$ 116,960,000
Interest paid during fiscal year	$ 64,215	$ 50,367	$ 3,674,033

See accompanying auditors' report.

(This page intentionally left blank)

Montgomery County Municipal Utility District No. 113
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Sewer service	$ 1,089,794	$ 1,011,428	$ 1,028,389	$ 1,264,400	$ 1,027,838
Garbage service**	669,175	591,014	395,736		
Property taxes	2,052,029	2,409,553	1,665,884	1,269,464	1,024,040
Penalties and interest	13,648	16,552	16,364	6,581	
Tap connection and inspection	48,155	71,635	62,980	78,110	84,015
Miscellaneous	42,747	34,790	26,886	16,286	15,875
Investment earnings	54,404	42,899	18,421	12,242	4,496
Total Revenues	3,969,952	4,177,871	3,214,660	2,647,083	2,156,264
Expenditures					
Current service operations					
Purchased services	641,600	143,430			
Professional fees	226,554	341,915	369,039	384,264	211,681
Contracted services	1,081,762	1,139,884	976,310	769,135	592,307
Repairs and maintenance	676,585	831,709	916,009	875,607	387,476
Utilities	155,619	213,430	197,517	144,696	118,091
Lease			228,000	93,000	
Administrative	114,985	112,918	110,283	71,130	51,739
Other	8,846	44,158	42,408	12,166	11,971
Capital outlay			53,500		
Total Expenditures	2,905,951	2,827,444	2,893,066	2,349,998	1,373,265
Revenues Over Expenditures	$ 1,064,001	$ 1,350,427	$ 321,594	$ 297,085	$ 782,999

*Percentage is negligible
**Beginning in 2018, garbage service revenues are no longer reported with sewer services.

See accompanying auditors' report.

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
28%	24%	31%	48%	48%
17%	14%	12%		
52%	58%	52%	48%	47%
*	*	1%	*	
1%	2%	2%	3%	4%
1%	1%	1%	1%	1%
1%	1%	1%	*	*
100%	100%	100%	100%	100%
16%	3%			
6%	8%	11%	15%	10%
27%	27%	30%	29%	27%
17%	20%	28%	33%	18%
4%	5%	6%	5%	5%
		7%	4%	
3%	3%	3%	3%	2%
*	1%	1%	*	1%
		2%		
73%	67%	88%	89%	63%
27%	33%	12%	11%	37%

Montgomery County Municipal Utility District No. 113
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	$ 7,665,853	$ 6,213,300	$ 6,231,925	$ 5,812,871	$ 4,917,233
Penalties and interest	47,505	44,680	46,897	45,300	25,349
Accrued interest on bonds sold					51,033
Investment earnings	88,371	115,562	61,866	21,374	10,546
Total Revenues	7,801,729	6,373,542	6,340,688	5,879,545	5,004,161
Expenditures					
Tax collection services	132,625	130,318	121,745	109,256	75,958
Other		10,000	7,500		5,000
Debt service					
Principal	3,290,000	2,635,000	2,480,000	2,315,000	1,110,000
Interest and fees	3,658,809	3,103,337	3,032,756	2,528,428	1,909,143
Debt issuance costs	226,719				187,091
Total Expenditures	7,308,153	5,878,655	5,642,001	4,952,684	3,287,192
Revenues Over Expenditures	$ 493,576	$ 494,887	$ 698,687	$ 926,861	$ 1,716,969
Total Active Retail Wastewater Connections	3,352	3,155	2,811	2,533	2,005

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
98%	97%	98%	99%	98%
1%	1%	1%	1%	1%
				1%
1%	2%	1%	*	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
	*	*		*
42%	41%	39%	39%	22%
47%	49%	48%	43%	38%
3%				4%
94%	92%	89%	84%	66%
6%	8%	11%	16%	34%

Montgomery County Municipal Utility District No. 113
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2020

Complete District Mailing Address:	C/O The Muller Law Group, PLLC 202 Century Square Boulevard, Sugar Land, TX 77478
District Business Telephone Number:	(281) 500-6050
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 18, 2020
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid*	Expense Reimburse-ments	Title at Year End
Board Members				
David Garrett	05/16 - 05/20	$ 1,800	$ 511	President
Robert Green	05/18 - 05/22	2,250		Vice President
Chris Uzelmeier	05/16 - 05/20	2,700	123	Secretary
Kenneth Ryan Wade	02/19 - 05/22	1,950		Assistant Vice President
Cato McDaniel	05/18 - 05/22	2,400	14	Assistant Secretary
Consultants		Amounts Paid		
The Muller Law Group, PLLC	03/14			Attorney
General legal fees		$ 224,023		
Bond counsel		320,200		
Municipal Operations & Consulting, Inc.	12/16	303,763		Operator
Myrtle Cruz, Inc.	08/07	50,530		Bookkeeper
Assessments of the Southwest, Inc.	08/07	47,402		Tax Collector
Montgomery Central Appraisal District	Legislation	74,242		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	04/09	19,275		Delinquent Tax Attorney
LJA Engineering, Inc.	08/07			Engineer
Amounts paid directly by district		253,543		
Amounts paid from developer reimbursements		1,045,478		
McGrath & Co., PLLC	2009	40,450		Auditor
Robert W. Baird & Co.	02/15	241,447		Financial Advisor
TBG Partners, Inc.	10/07			Landscape Architect
Amounts paid directly by district		154,336		
Amounts paid from developer reimbursements		243,846		

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

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)