OFFICIAL STATEMENT DATED OCTOBER 3, 2023

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

*The Bonds are **not** designated as "qualified tax-exempt obligations" for financial institutions.*

NEW ISSUE - Book-Entry-Only

Insured Rating (BAM): S&P "AA"
Underlying Rating: Moody's "Baa3"
See "MUNICIPAL BOND INSURANCE" and "RATING."

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 137

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

$14,240,000
UNLIMITED TAX BONDS
SERIES 2023

Dated Date: October 1, 2023 **Due: September 1, on inside cover**
Interest Accrues from: Date of Delivery (defined herein)

The $14,240,000 Unlimited Tax Bonds, Series 2023 (the "Bonds") are obligations of Montgomery County Municipal Utility District No. 137 (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; or any other political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest accrues from the initial date of delivery (expected to be on or about October 27, 2023) (the "Date of Delivery"), and is payable on March 1, 2024, and on each September 1 and March 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").**

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

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about October 27, 2023.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

$14,240,000 Unlimited Tax Bonds, Series 2023

Maturity (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2025	$ 330,000		7.00 %	4.30 %	61371G KD8	2035	$ 525,000	(c)	5.00 %	4.65 %	61371G KP1
2026	345,000		7.00	4.30	61371G KE6	2036	550,000	(c)	5.00	4.75	61371G KQ9
2027	365,000		7.00	4.30	61371G KF3	2037	575,000	(c)	4.75	4.90	61371G KR7
2028	380,000		7.00	4.30	61371G KG1	***	***		***	***	***
2029	400,000		7.00	4.30	61371G KH9	2044	800,000	(c)	5.00	5.10	61371G KY2
2030	415,000	(c)	6.50	4.30	61371G KJ5	2045	835,000	(c)	5.00	5.11	61371G KZ9
2031	435,000	(c)	5.00	4.35	61371G KK2	2046	875,000	(c)	5.00	5.12	61371G LA3
2032	460,000	(c)	5.00	4.40	61371G KL0	2047	920,000	(c)	5.00	5.13	61371G LB1
2033	480,000	(c)	5.00	4.50	61371G KM8	2048	960,000	(c)	5.00	5.14	61371G LC9
2034	500,000	(c)	5.00	4.55	61371G KN6						

$1,905,000 Term Bond due September 1, 2040 (c,d), 61371G KU0 (b), 4.75% Interest Rate, 5.00% Yield (a)
$2,185,000 Term Bond due September 1, 2043 (c,d), 61371G KX4 (b), 5.00% Interest Rate, 5.08% Yield (a)

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

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

(c) Bonds maturing on September 1, 2030, 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, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption of the Bonds."

(d) The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption of the Bonds."

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 Initial Purchaser.

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, for further information.

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or 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 Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT—Updating of Official Statement."

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 98.00000% of par, resulting in a net effective interest rate to the District of 5.169788%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

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

Prices and Marketability

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

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486.0 million, $204.5 million and $281.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATING

The Bonds will receive an insured rating of "AA" from S&P Global Ratings, a business unit of S&P, solely in reliance upon the issuance of the municipal bond insurance policy by BAM 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.

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the underlying credit rating may have an adverse effect on the market price of the Bonds.

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer.. Montgomery County Municipal Utility District No. 137 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas (the "County"), entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). See "THE DISTRICT."

The Issue... The $14,240,000 Unlimited Tax Bonds, Series 2023 (the "Bonds") are dated October 1, 2023. Interest accrues from the initial date of delivery (expected to be on or about October 27, 2023) (the "Date of Delivery"), at the rates set forth on the inside cover page, and is payable on March 1, 2024, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature serially on September 1 in each of the years 2025 through 2037, both inclusive, and 2044 through 2048, both inclusive and as term bonds on September 1 in each of the years 2040 and 2043 (the "Term Bonds") and in the principal amounts and pay interest at the rates set forth on the inside cover page hereof. Bonds maturing on or after September 1, 2030, are subject to redemption, in whole, or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption of the Bonds."

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

Source of Payment.. Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; the County; the City; or any entity other than the District. See "THE BONDS—Source of Payment."

Use of Bond Proceeds.. A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for the following projects and related costs: (i) water, wastewater and storm drainage facilities; (ii) land acquisition costs; and (iii) associated engineering, material testing and storm water pollution prevention plan ("SWPPP") costs. Additionally, proceeds from the sale of the Bonds will be used to pay for developer interest, capitalized interest and certain other costs associated with the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

Not Qualified Tax-Exempt Obligations.......... The Bonds are **not** designated as "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Insurance and Rating.......... S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "Baa3." See "RATING" and "MUNICIPAL BOND INSURANCE."

Outstanding Bonds.......... The Bonds are the District's fifth series of bonds issued for the purpose of constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System"). The following bonds have previously been issued for the purpose of constructing the Utility System: $2,825,000 Unlimited Tax Bonds, Series 2019; $3,900,000 Unlimited Tax Bonds, Series 2020; $4,145,000 Unlimited Tax Bonds, Series 2021; and $9,620,000 Unlimited Tax Bonds, Series 2022, of which $19,910,000 principal amount will remain outstanding as of the Date of Delivery of the Bonds (the "Outstanding Utility Bonds").

Additionally, the following bonds have previously been issued for the purpose of constructing the Road System: $3,940,000 Unlimited Tax Road Bonds, Series 2017; $2,540,000 Unlimited Tax Road Bonds, Series 2018; $1,190,000 Unlimited Tax Road Bonds, Series 2019; $4,370,000 Unlimited Tax Road Bonds, Series 2021; and $3,250,000 Unlimited Tax Road Bonds, Series 2022, of which $14,215,000 principal amount will remain outstanding as of the Date of Delivery of the Bonds (the "Outstanding Road Bonds" and collectively with the Outstanding Utility Bonds, referred to as the "Outstanding Bonds"). A total of $34,125,000 principal amount of the Outstanding Bonds will remain outstanding as of the Date of Delivery of the Bonds.

Payment Record.......... The District has timely made all payments of principal and interest due on the Outstanding Bonds.

Authority for Issuance.......... The Bonds are the fifth series of bonds issued out of an aggregate of $185,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing the Utility System and for the refunding of such bonds. Following the issuance of the Bonds, $150,270,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System and for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 8421 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District, (iv) an election held within the District on November 5, 2013, and (v) an approving order of the Texas Commission on Environmental Quality.

Legal Opinion.......... Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS."

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

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

THE DISTRICT

Description .... The District is a political subdivision of the State of Texas, created by the 83rd Texas Legislature on June 14, 2013, and operates pursuant to Chapter 8421, Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended. At the time of creation, the District contained 501 acres. Subsequent to creation, the District annexed approximately 94 acres and currently includes approximately 595 acres. The District is located in the southern part of the County, east of Farm-to-Market 2978, south of Woodlands Parkway and north of Spring Creek, approximately 39 miles from the City's central downtown business district. Major access to the District is provided by Farm-to-Market 2978, Standard Road, Hufsmith-Conroe Road and NorthGrove Parkway. The District is located within the extraterritorial jurisdiction of the City and within the Magnolia Independent School District. See "THE DISTRICT—Authority" and "—Description."

The Developer .... The developer of the land in the District is Toll Houston TX LLC (the "Developer"), a limited liability company wholly-owned by Toll Brothers, Inc. ("Toll Brothers"), a Delaware corporation. The Developer purchased the land within the District in 2013 and has completed the development of 988 lots on approximately 363 acres. Toll Brothers is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker of "TOL." See "DESCRIPTION OF THE DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

Development within the District .... The District is being developed as NorthGrove, a single-family residential master-planned community. The development in the District currently includes 988 single-family residential lots on approximately 363 acres developed as NorthGrove, Sections 2, 3, 4, 5, 7, 8 (Phase 1 & 2), 9, 12, 13, 14, 15, 16, 17,18, 19 and 20. As of August 28, 2023, 796 homes were completed (759 occupied and 37 unoccupied), 42 homes were under construction and 150 vacant developed lots were available for home construction. The remainder of the District consists of approximately 228 undevelopable acres and approximately 4 acres of undeveloped but developable acreage. Recreational facilities for residents of the District include a 6,800 square foot clubhouse with a twenty-four hour fitness room, resort-style pool along with open space and nature areas, a trail system, and community lakes. See "DESCRIPTION OF THE DEVELOPER," "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."

Homebuilders Within the District.................... The homebuilders active within the District are Toll Brothers, Trendmaker Homes, Perry Homes, Chesmar Homes, M/I Homes, Ashton Woods Homes, Perry Homes and Highland Homes. New homes being constructed within the District are being marketed in the price range of approximately $260,000 to $600,000 and range from approximately 1,800 square feet to 6,000 square feet. See "DESCRIPTION OF THE DEVELOPER—Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2023 Taxable Assessed Valuation	$ 357,839,170 (a)
See "TAX DATA" and "TAXING PROCEDURES."	
Estimated Taxable Assessed Valuation as of July 1, 2023	$ 389,612,469 (b)
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
Outstanding Bonds (as of Date of Delivery of the Bonds)	$ 34,125,000
The Bonds	14,240,000
Total Direct Debt	$ 48,365,000
Estimated Overlapping Debt	$ 15,799,606 (c)
Total Direct and Estimated Overlapping Debt	$ 64,164,606
Direct Debt Ratios:	
As a percentage of 2023 Taxable Assessed Valuation	13.52 %
As a percentage of the Estimated Taxable Assessed Valuation as of July 1, 2023	12.41 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2023 Taxable Assessed Valuation	17.93 %
As a percentage of the Estimated Taxable Assessed Valuation as of July 1, 2023	16.47 %
General Fund Balance (as of August 28, 2023)	$1,425,567
Utility System Debt Service Fund Balance (as of August 28, 2023)	$1,211,727 (d)
Road System Debt Service Fund Balance (as of August 28, 2023)	$ 854,018 (e)
Road System Capital Projects Fund Balance (as of August 28, 2023)	$ 321,356
Utility System Capital Projects Fund Balance (as of August 28, 2023)	$ 362,928
2022 Tax Rate per $100 of Taxable Assessed Valuation	
Utility System Debt Service	$ 0.45
Road System Debt Service	0.34
Maintenance	0.46
Total	$ 1.25 (f)
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	$3,063,263 (g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042)	$3,341,364 (g)
Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections:	
Based Upon 2023 Taxable Assessed Valuation ($357,839,170)	$ 0.91
Based Upon the Estimated Taxable Assessed Valuation as of July 1, 2023 ($389,612,469)	$ 0.83
Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042) at 95% Tax Collections:	
Based Upon 2023 Taxable Assessed Valuation ($357,839,170)	$ 0.99
Based Upon the Estimated Taxable Assessed Valuation as of July 1, 2023 ($389,612,469)	$ 0.91
Number of Single-Family Homes (including 42 homes in various stages of construction) as of August 28, 2023	838

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2023. This value includes $319,024,750 of certified value and $38,814,420 of uncertified value, provided by the Appraisal District . All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year.

(b) Provided by the Appraisal District for information purposes only. Represents new construction within the District from January 1, 2023, to July 1, 2023. The estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds, the Bonds and any other bonds issued for the purpose of constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on the Outstanding Road Bonds or any other bonds issued for the purpose of acquiring or constructing the Road System. An amount equal to six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing. Such amount is not included in the balance above.

(e) Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds and any other bonds issued for the purpose of constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on the Outstanding Utility Bonds, the Bonds or any other bonds issued for the purpose of constructing the Utility System.

(f) The District anticipates levying a total tax rate of $1.19 per $100 of assessed valuation for the 2023 tax year consisting of: a maintenance tax rate of $0.32 per $100 of assessed valuation, a Utility System debt service tax rate of $0.60 per $100 of assessed valuation, and a Road System debt service tax rate of $0.27 per $100 of assessed valuation.

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

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OFFICIAL STATEMENT

relating to

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 137

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

$14,240,000
Unlimited Tax Bonds
Series 2023

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 137 (the "District") of its $14,240,000 Unlimited Tax Bonds, Series 2023 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 8421 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District, (iv) an election held within the District on November 5, 2013, and (v) an approving order of the Texas Commission on Environmental Quality ("TCEQ").

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

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

THE BONDS

General

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

The Bonds are dated October 1, 2023 with interest accruing from the initial delivery date (expected to be on or about October 27, 2023) (the "Date of Delivery"), with interest payable on March 1, 2024, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered serial bonds maturing on September 1 in each of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. 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., 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 to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. Principal of the Bonds will be payable to the registered owners ("Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bonds ("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 in 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 District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent/Registrar or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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.

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption: Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date in the manner specified in the Bond Resolution. If fewer than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such method of random selection as the Paying Agent/Registrar deems fair and appropriate (or by the DTC in accordance with its procedures while the Bonds are in book-entry-only form) in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2040 and 2043 are term bonds (the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the 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 (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

$1,905,000 Term Bonds Due September 1, 2040		$2,185,000 Term Bonds Due September 1, 2043	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2038	$ 605,000	2041	$ 695,000
2039	635,000	2042	730,000
2040 (maturity)	665,000	2043 (maturity)	760,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond 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 Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to 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 Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are the fifth series of bonds issued out of an aggregate of $185,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") and for the refunding of such bonds. Following the issuance of the Bonds, $150,270,000 principal amount of unlimited tax bonds will remain authorized but unissued for the purpose of constructing the Utility System and for the refunding of such bonds.

Additionally, the District has $118,710,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and for the refunding of such bonds authorized but unissued. The District's voters have also authorized $56,000,000 principal amount of unlimited tax bonds for the purpose of constructing parks and recreational improvements to serve the District and for the refunding of such bonds, all of which remains authorized but unissued.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 8421 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) the Bond Resolution adopted by the Board of Directors of the District, (iv) an election held within the District on November 5, 2013, and (v) an approving order of the TCEQ.

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Bonds issued for the Utility System and for the Road System are each supported by a separate unlimited tax levied by the District.

In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Montgomery Central Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (herein defined) and used solely to pay principal of and interest on the Bonds, the Outstanding Utility Bonds, any additional bonds payable from taxes which may be issued for the Utility System, and fees of the Paying Agent/Registrar. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas (the "State"); Montgomery County, Texas (the "County"); the City of Houston, Texas (the "City"); or any entity other than the District.

Funds

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

Outstanding Bonds

The Bonds are the District's fifth series of bonds issued for the purpose of constructing the Utility System. The following bonds have previously been issued for the purpose of constructing the Utility System: $2,825,000 Unlimited Tax Bonds, Series 2019; $3,900,000 Unlimited Tax Bonds, Series 2020; $4,145,000 Unlimited Tax Bonds, Series 2021; and $9,620,000 Unlimited Tax Bonds, Series 2022, of which $19,910,000 principal amount will remain outstanding as of the Date of Delivery of the Bonds (the "Outstanding Utility Bonds").

Additionally, the following bonds have previously been issued for the purpose of constructing the Road System: $3,940,000 Unlimited Tax Road Bonds, Series 2017; $2,540,000 Unlimited Tax Road Bonds, Series 2018; $1,190,000 Unlimited Tax Road Bonds, Series 2019; $4,370,000 Unlimited Tax Road Bonds, Series 2021; and $3,250,000 Unlimited Tax Road Bonds, Series 2022, of which $14,215,000 principal amount will remain outstanding as of the Date of Delivery of the Bonds (the "Outstanding Road Bonds" and collectively with the Outstanding Utility Bonds, referred to as the "Outstanding Bonds"). A total of $34,125,000 principal amount of the Outstanding Bonds will remain outstanding as of the Date of Delivery of the Bonds.

Issuance of Additional Debt

The District's voters have authorized the issuance of $185,000,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System and for the refunding of such bonds and $134,000,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and for the refunding of such bonds and could authorize additional amounts. Following the issuance of the Bonds, $150,270,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System and for the refunding of such bonds will remain authorized but unissued. Additionally, the District has $118,710,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and for the refunding of such bonds authorized but unissued. The District has also authorized $56,000,000 principal amount of unlimited tax bonds for park and recreational improvements to serve the District and for the refunding of such bonds, all of which remains authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters).

After reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately $12,300,000 for the Utility System and parks and recreational facilities and approximately $3,500,000 for the Road System.

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

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

If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

No Arbitrage

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

Annexation and Consolidation

The District lies within the extraterritorial jurisdiction of the City. The District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City must assume the assets, functions and obligations of the District, including the Bonds, and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation concerning the likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

Registered Owners' Remedies

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

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

Use and Distribution of Bond Proceeds

A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer for the following projects and related costs: (i) water, wastewater and storm drainage facilities; (ii) land acquisition costs; and (iii) associated engineering, material testing and storm water pollution prevention plan ("SWPPP") costs. Additionally, proceeds from the sale of the Bonds will be used to pay for developer interest, capitalized interest and certain other costs associated with the issuance of the Bonds, as shown below.

I. CONSTRUCTION RELATED COSTS		
Water, Wastewater & Drainage Facilites to Serve Northgrove, Section 2 - Phase 2.	$	267,432
Northgrove, Phase 2 Detention Pond No. 4		1,423,866
Northgrove, Phase 2 Clearing.		314,007
Water, Wastewater & Drainage Facilites to Serve Northgrove, Section 8 - Phase 2.		31,039
Water, Wastewater & Drainage Facilites to Serve Northgrove, Section 7 - Phase 2.		660,248
Water, Wastewater & Drainage Facilites to Serve Northgrove, Section 12.		1,023,159
Northgrove Detention Pond No. 5 Drainage.		1,168,343
Northgrove Detention Pond No. 5 Clearing		275,050
Water, Wastewater & Drainage Facilites to Serve Northgrove, Section 13.		264,848
Lift Station No. 2.		379,873
Northgrove, Section 13 and 14 Clearing		53,889
Land Acquisition Cost		1,516,063
Water Plant Access Driveway		61,954
Water Well No. 2		1,290,830
Wastewater Treatment Plant, Phase II		1,013,670
Engineering.		722,900
Materials Testing.		246,847
Storm Water Pollution Prevention Plan		182,041
Less: Surplus Funds Applied		(300,000)
Total Construction Costs	**$10,596,059**	
II. NON-CONSTRUCTION COSTS		
Developer Interest (Estimated)	$	2,211,603
Capitalized Interest		374,213
Bond Discount		284,800
Total Non-Construction Costs	**$**	**2,870,616**
III. ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees	$	658,226
Bond Application Report Costs		70,000
State Regulatory Fees		45,100
Total Issuance Costs and Fees	**$**	**773,326**
TOTAL BOND ISSUE REQUIREMENT	**$14,240,000**	

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for utility purposes. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

THE DISTRICT

Authority

The District is a political subdivision of the State of Texas, created by the 83rd Texas Legislature on June 14, 2013, and operates pursuant to Chapter 8421, Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended.

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

The District also is authorized to construct, develop and maintain park and recreational facilities, including the issuance of bonds payable from taxes for such purposes. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after the approval by voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District's Utility System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE UTILITY SYSTEM—Regulation."

Description

At the time of creation, the District contained 501 acres. Subsequent to creation, the District annexed approximately 94 acres and currently includes approximately 595 acres. The District is located in the southern part of the County, east of Farm-to-Market 2978, south of Woodlands Parkway and north of Spring Creek, approximately 39 miles from the City's central downtown business district. Major access to the District is provided by Farm-to-Market 2978, Standard Road, Hufsmith-Conroe Road and NorthGrove Parkway. The District is located within the extraterritorial jurisdiction of the City and within the Magnolia Independent School District.

Management of the District

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

Name	Title	Term Expires May
Richard Martinez	President	2026
Jared Fargo	Vice President	2024
Christina Cole	Secretary	2024
Avil Elfezouaty	Assistant Vice President	2024
Deborah Arterburn	Assistant Secretary	2026

Investment Policy

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

Consultants

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

Tax Assessor/Collector

The District has appointed an independent tax assessor/collector to perform the tax collection function. B&A Municipal Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Bookkeeper

The District has contracted with Municipal Accounts & Consulting, LP (the "Bookkeeper") for bookkeeping services.

Utility System Operator

The operator of the District's internal water and wastewater system is Municipal District Services, LLC.

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. The District's financial statements for the year ending February 28, 2023, were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended February 28, 2023.

Engineer

The District's Engineer is Costello, Inc.

General/Bond Counsel

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

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, ("Disclosure Counsel") as disclosure counsel in connection with the issuance of the Bonds. The fee to be paid to Disclosure Counsel in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Financial Advisor

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

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

The District is being developed as NorthGrove, a single-family residential master-planned community. The development in the District currently includes 988 single-family residential lots on approximately 363 acres developed as NorthGrove, Sections 2, 3, 4, 5, 7, 8 (Phase 1 & 2), 9, 12, 13, 14, 15, 16, 17,18, 19 and 20. As of August 28, 2023, 796 homes were completed (759 occupied and 37 unoccupied), 42 homes were under construction and 150 vacant developed lots were available for home construction. The remainder of the District consists of approximately 228 undevelopable acres and approximately 4 acres of undeveloped but developable acreage. Recreational facilities for residents of the District include a 6,800 square foot clubhouse with a twenty-four hour fitness room, resort-style pool along with open space and nature areas, a trail system, and community lakes.

The following is a status of construction of single-family housing within the District as of August 28, 2023:

			Homes		Remaining
Section	Acreage	Developed Lots	Under Construction	Complete	Vacant Lots
NorthGrove,					
Section 2	20	47	0	47	0
Section 3	28	79	0	79	0
Section 4	16	26	0	26	0
Section 5	27	52	0	49	3
Section 7	29	71	0	71	0
Section 8 (Phase 1 & 2)	35	128	0	127	1
Section 9	49	88	0	88	0
Section 12	18	72	0	72	0
Section 13	11	29	0	29	0
Section 14	24	77	0	77	0
Section 15	12	38	0	38	0
Section 16	21	76	13	36	27
Section 17	15	36	0	36	0
Section 18	30	75	4	0	71
Section 19	19	70	20	21	29
Section 20	9	24	5	0	19
Residential Subtotal	363	988	42	796	150
NorthGrove, *Under Development*					
Under Development Subtotal	0	0			
Undeveloped, but Developable	4				
Undevelopable	228				
District Total	595				

DESCRIPTION OF THE DEVELOPER

Role of the Developer

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

The Developer

The developer of land within the District is Toll Houston TX LLC (the "Developer"), a limited liability company wholly-owned by Toll Brothers, Inc. ("Toll Brothers"), a Delaware corporation. The Developer purchased the land within the District in 2013 and has completed the development of 988 lots on approximately 363 acres. Toll Brothers is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker of "TOL."

There is no financing associated with the Developer's acquisition of the land or the development of the property in the District; the acquisition and development is paid with cash from Toll Brothers. "TAX DATA—Principal Taxpayers."

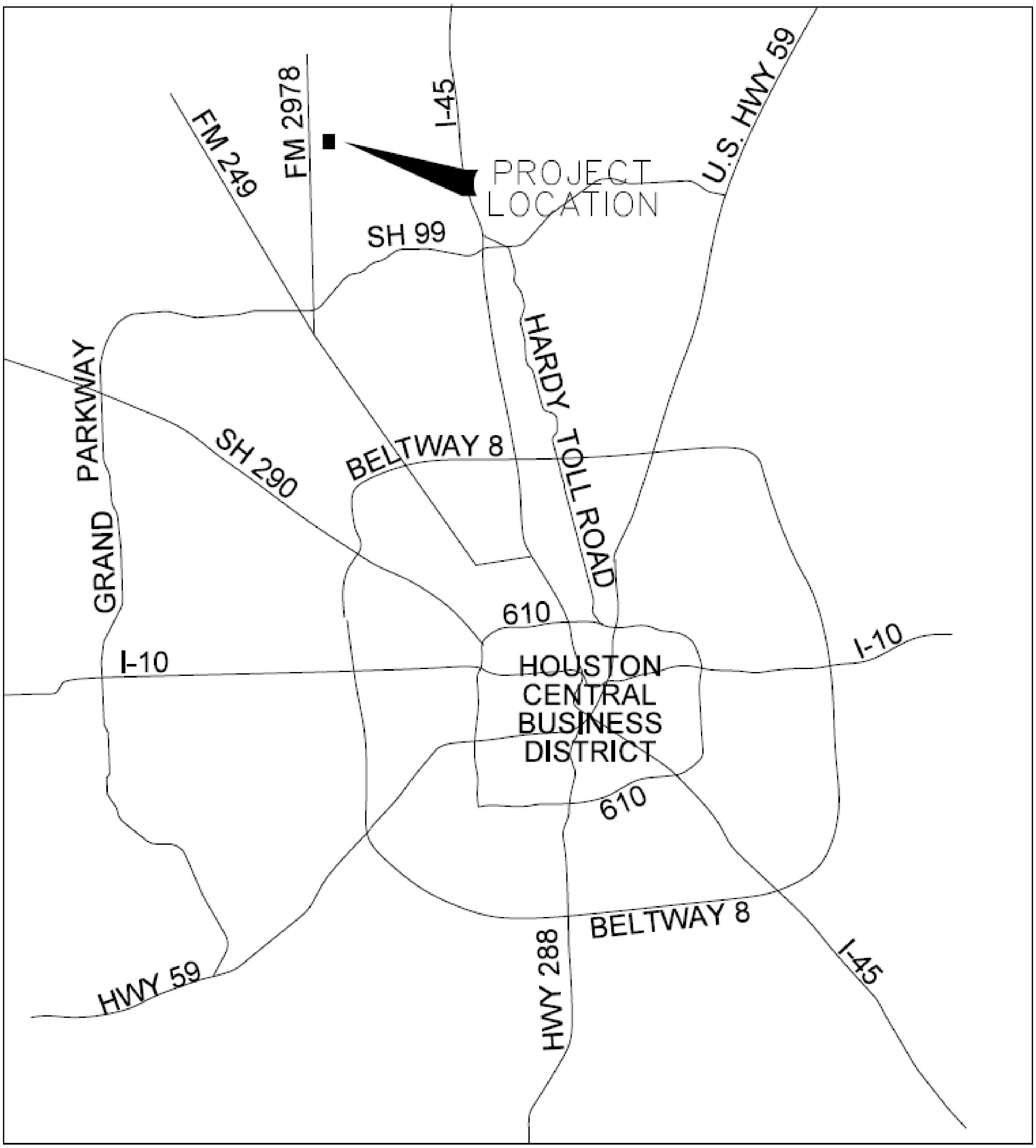
Financial Information Regarding Toll Brothers: Toll Brothers files annual, quarterly and current reports, proxy statements and other information with the SEC. Toll Brothers' SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, Toll Brothers makes available on its web site http://www.tollbrothers.com its annual reports on form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on Toll Brothers' web site, available by hyperlink from Toll Brothers' web site or on the SEC's web site, is not incorporated into this OFFICIAL STATEMENT. The District has not obtained any representations from Toll Brothers concerning their publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

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

Homebuilders within the District

The homebuilders active within the District are Toll Brothers, Trendmaker Homes, Perry Homes, Chesmar Homes, M/I Homes, Ashton Woods Homes and Highland Homes. New homes being constructed within the District are being marketed in the price range of approximately $260,000 to $600,000 and range from approximately 1,800 square feet to 6,000 square feet.

LOCATION MAP



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2023)








PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2023)








DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and interest requirements for the Bonds.

		Plus: The Bonds		
Year Ending 12/31	Outstanding Debt Service (a)	Principal	Interest	Total Debt Service
2024	$ 2,219,921	$ -	$ 632,003	$ 2,851,925
2025	2,228,896	330,000	748,425	3,307,321
2026	2,227,009	345,000	725,325	3,297,334
2027	2,223,144	365,000	701,175	3,289,319
2028	2,232,554	380,000	675,625	3,288,179
2029	2,229,539	400,000	649,025	3,278,564
2030	2,244,394	415,000	621,025	3,280,419
2031	2,250,974	435,000	594,050	3,280,024
2032	2,255,736	460,000	572,300	3,288,036
2033	2,257,760	480,000	549,300	3,287,060
2034	2,267,633	500,000	525,300	3,292,933
2035	2,275,325	525,000	500,300	3,300,625
2036	2,282,613	550,000	474,050	3,306,663
2037	2,296,793	575,000	446,550	3,318,343
2038	2,293,199	605,000	419,238	3,317,436
2039	2,301,591	635,000	390,500	3,327,091
2040	2,311,846	665,000	360,338	3,337,184
2041	2,313,465	695,000	328,750	3,337,215
2042	2,317,364	730,000	294,000	3,341,364
2043	2,313,186	760,000	257,500	3,330,686
2044	1,881,260	800,000	219,500	2,900,760
2045	1,644,400	835,000	179,500	2,658,900
2046	1,418,125	875,000	137,750	2,430,875
2047	911,325	920,000	94,000	1,925,325
2048	-	960,000	48,000	1,008,000
	$51,198,050	$14,240,000	$ 11,143,528	$76,581,578

(a) Outstanding debt service as of Date of Delivery of the Bonds.

Average Annual Debt Service Requirement (2024-2048) .... $ 3,063,263
Maximum Annual Debt Service Requirement (2042) .... $ 3,341,364

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Bonded Indebtedness

2023 Taxable Assessed Valuation	$ 357,839,170	(a)
See "TAX DATA" and "TAXING PROCEDURES."		
Estimated Taxable Assessed Valuation as of July 1, 2023	$ 389,612,469	(b)
See "TAX DATA" and "TAXING PROCEDURES."		
Direct Debt:		
Outstanding Bonds (as of Date of Delivery of the Bonds)	$ 34,125,000	
The Bonds	14,240,000	
Total Direct Debt	$ 48,365,000	
Estimated Overlapping Debt	$ 15,799,606	(c)
Total Direct and Estimated Overlapping Debt	$ 64,164,606	
Direct Debt Ratios:		
As a percentage of 2023 Taxable Assessed Valuation	13.52 %	
As a percentage of the Estimated Taxable Assessed Valuation as of July 1, 2023	12.41 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2023 Taxable Assessed Valuation	17.93 %	
As a percentage of the Estimated Taxable Assessed Valuation as of July 1, 2023	16.47 %	
General Fund Balance (as of August 28, 2023)	$1,425,567	
Utility System Debt Service Fund Balance (as of August 28, 2023)	$1,211,727	(d)
Road System Debt Service Fund Balance (as of August 28, 2023)	$ 854,018	(e)
Road System Capital Projects Fund Balance (as of August 28, 2023)	$ 321,356	
Utility System Capital Projects Fund Balance (as of August 28, 2023)	$ 362,928	
2022 Tax Rate per $100 of Taxable Assessed Valuation		
Utility System Debt Service	$ 045	
Road System Debt Service	0.34	
Maintenance	0.46	
Total	$ 1.25	(f)
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	$3,063,263	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042)	$3,341,364	(g)
Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections:		
Based Upon 2023 Taxable Assessed Valuation ($357,839,170)	$ 0.91	
Based Upon the Estimated Taxable Assessed Valuation as of July 1, 2023 ($389,612,469)	$ 0.83	
Tax Rate per $100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042) at 95% Tax Collections:		
Based Upon 2023 Taxable Assessed Valuation ($357,839,170)	$ 0.99	
Based Upon the Estimated Taxable Assessed Valuation as of July 1, 2023 ($389,612,469)	$ 0.91	
Number of Single-Family Homes (including 42 homes in various stages of construction) as of August 28, 2023	838	

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2023. This value includes $319,024,750 of certified value and $38,814,420 of uncertified value, provided by the Appraisal District . All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year.
(b) Provided by the Appraisal District for information purposes only. Represents new construction within the District from January 1, 2023, to July 1, 2023. The estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
(c) See "Estimated Direct and Overlapping Debt Statement" herein.
(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds, the Bonds and any other bonds issued for the purpose of constructing the Utility System. Funds in the Utility System Debt Service Fund are not pledged to pay debt service on the Outstanding Road Bonds or any other bonds issued for the purpose of acquiring or constructing the Road System. An amount equal to six (6) months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing. Such amount is not included in the balance above.
(e) Funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds and any other bonds issued for the purpose of constructing the Road System. Funds in the Road System Debt Service Fund are not pledged to pay debt service on the Outstanding Utility Bonds, the Bonds or any other bonds issued for the purpose of constructing the Utility System.
(f) The District anticipates levying a total tax rate of $1.19 per $100 of assessed valuation for the 2023 tax year consisting of: a maintenance tax rate of $0.32 per $100 of assessed valuation, a Utility System debt service tax rate of $0.60 per $100 of assessed valuation, and a Road System debt service tax rate of $0.27 per $100 of assessed valuation.
(g) See "Debt Service Requirement Schedule" herein.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Tax Year	AV	Outstanding Debt as of 7/31/2023	Overlapping Percent	Overlapping Amount
Lone Star College System	2023	$ 282,184,049,801	$ 584,565,000	0.13%	$ 741,290
Magnolia ISD	2023	9,049,257,126	333,875,000	3.95%	13,202,581
Montgomery County	2023	85,165,761,842	441,665,000	0.42%	1,855,734
Total Estimated Overlapping Debt					$ 15,799,606
The District Direct Debt (a)					48,365,000
Total Direct Debt & Estimated Overlapping Debt					$ 64,164,606

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	% of 2023 Taxable Assessed Valuation	% of Estimate of Taxable Assessed Valuation as of July 1, 2023
Direct Debt (a)	13.52 %	12.41 %
Direct and Estimated Overlapping Debt (a)	17.93 %	16.47 %

(a) Includes the Outstanding Bonds and Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, 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 Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District, the Utility System and the Road System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax."

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property 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 Montgomery Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation" below.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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 of Directors of the District. 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 twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, 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 will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, 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. For the 2022 tax year, the District granted a $10,000 exemption for residents who are disabled or 65 years of age and older.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the

Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

The Property Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: For the 2023 tax year, the Board made the determination of the District's 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. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The District levied a total tax rate of $1.25 per $100 of assessed valuation for 2022, composed of a Road System debt service tax rate of $0.34, a Utility System debt service tax rate of $0.45 and a maintenance tax rate of $0.46.

The District has authorized publication of a notice of public hearing to consider a proposed tax rate for the 2022 tax year in the total amount of $1.25 per $100 of assessed valuation. The District anticipates that such 2023 total tax rate of $1.19 per $100 of assessed valuation will be composed of the following: a Utility System debt service tax rate of $0.60 per $100 of assessed valuation, a Road System debt service tax rate of $0.27 per $100 of assessed valuation, and a maintenance tax rate of $0.32 per $100 of assessed valuation.

Tax Rate Limitation

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

Debt Service Tax

The District covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "TAX DATA—Tax Rate Distribution" and "TAXING PROCEDURES."

In the Bond Resolution, the Board also covenants to deposit into the Utility System Debt Service Fund the proceeds from all taxes levied, appraised, and collected for payment of the Bonds authorized by the Bond Resolution. Proceeds of the Bonds will be deposited into the capital projects fund for the bonds issued for the Utility System (the "Utility System Capital Projects Fund") upon closing of the Bonds to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Utility System Construction Fund after completion of construction of the Utility System will be used as permitted by the Bond Resolution or ultimately transferred to the Utility System Debt Service Fund.

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted on November 5, 2013, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation. Voters in the District also authorized a road maintenance tax at a rate not to exceed $0.25 per $100 of assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "TAX DATA—Debt Service Tax" and "TAX DATA—Tax Rate Distribution."

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Taxable Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2023 Taxable Assessed Valuation ($357,839,170) or the Estimated Taxable Assessed Valuation as of July 1, 2023 ($389,612,469). The calculations assume collection of 95% of taxes levied, an estimated annual interest rate on the Bonds of 4.75%, and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirements (2024-2048)	$	3,063,263
Tax Rate of $0.91 on the 2023 Taxable Assessed Valuation produces	$	3,093,520
Tax Rate of $0.83 on the Estimated Taxable Assessed Valuation as of July 1, 2023, produces	$	3,072,094
Maximum Annual Debt Service Requirement (2042)	$	3,341,364
Tax Rate of $0.99 on the 2023 Taxable Assessed Valuation produces	$	3,365,477
Tax Rate of $0.91 on the Estimated Taxable Assessed Valuation as of July 1, 2023, produces	$	3,368,200

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Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2022 taxes per $100 of assessed valuation levied by all such taxing jurisdictions. These jurisdictions are currently in the process of levying their 2023 tax rates.

Taxing Jurisdiction		2022 Tax Rates
The District (a)	$	1.250000
Montgomery County		0.374200
Montgomery County Hospital District		0.050200
Magnolia ISD		1.147200
Lone Star College		0.107800
Montgomery ESD No. 10		0.085200
Estimated Total Tax Rate	$	3.014600

(a) The District anticipates levying a total tax rate of $1.19 per $100 of assessed valuation for the 2023 tax year consisting of: a maintenance tax rate of $0.32 per $100 of assessed valuation, a Utility System debt service tax rate of $0.60 per $100 of assessed valuation, and a Road System debt service tax rate of $0.27 per $100 of assessed valuation.

Historical Tax Collections

Year	Assessed Valuation	Tax Rate per $100 (a)	Tax Levy	% of Current Collections	Tax Year Ending 9/30	Collections as 7/31/2023
2018	$ 32,434,251	$ 1.35	$ 437,862	100.00%	2019	100.00%
2019	70,252,461	1.35	948,408	100.00%	2020	100.00%
2020	101,082,395	1.35	1,364,612	100.00%	2021	100.00%
2021	150,940,929	1.35	2,037,703	99.98%	2022	99.98%
2022	239,102,329	1.25	2,988,779	99.33%	2023	99.33%

(a) See "Tax Rate Distribution."

Tax Rate Distribution

Tax Year	2023 (a)	2022	2021	2020	2019
Road Debt Service	$ 0.27	$ 0.34	$ 0.45	$ 0.46	$ 0.68
Utility Debt Service	0.60	0.45	0.35	0.36	0.10
M&O	0.32	0.46	0.55	0.53	0.57
Total	$ 1.19	$ 1.25	$ 1.35	$ 1.35	$ 1.35

(a) The District anticipates levying a total tax rate of $1.19 per $100 of assessed valuation for the 2023 tax year consisting of: a maintenance tax rate of $0.32 per $100 of assessed valuation, a Utility System debt service tax rate of $0. 60 per $100 of assessed valuation, and a Road System debt service tax rate of $0.27 per $100 of assessed valuation.

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2019-2023 tax rolls as certified by the Appraisal District.

Type of Property	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation	2019 Taxable Assessed Valuation
Land	$ 77,397,550	$ 69,695,230	$ 47,916,980	$ 36,985,460	$ 29,179,950
Improvements	273,711,680	178,217,540	108,393,180	67,509,130	43,189,080
Personal Property	489,520	309,659	196,417	501,499	986,046
Exemptions	(32,574,000)	(9,120,100)	(5,565,648)	(3,913,694)	(3,102,615)
Uncertifed	38,814,420	-	-	-	-
Total	$ 357,839,170	$ 239,102,329	$ 150,940,929	$ 101,082,395	$ 70,252,461

Principal Taxpayers

The following are the principal taxpayers in the District based upon the certified portion ($319,024,750) of the District's 2023 Taxable Assessed Valuation of $357,839,170.

Taxpayer	Property Type	2023
Toll Houston TX LLC (a)	Land & Improvements	$ 9,108,120
Perry Homes LLC (b)	Land & Improvements	4,093,662
Westin Homes and Properties LP (b)	Land & Improvements	2,358,480
Chesmar Homes LLC (b)	Land & Improvements	2,149,700
Homeowner	Land & Improvements	1,580,000
Highland Homes Houston LLC (b)	Land & Improvements	1,496,985
Homeowner	Land & Improvements	1,075,730
Homeowner	Land & Improvements	1,024,050
Homeowner	Land & Improvements	1,023,800
Homeowner	Land & Improvements	955,550
Total		$ 24,866,077
Percent of the 2023 Taxable Assessed Valuation		7.79%

(a) See "DESCRIPTION OF THE DEVELOPER—The Developer."
(b) See "DESCRIPTION OF THE DEVELOPER—Homebuilders within the District."

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THE UTILITY SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of municipal, federal and state authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. The Texas Department of Health and the City also exercise regulatory jurisdiction over the District's water and wastewater system.

Water Supply

The District owns and operates a water supply plant that consists of a 1,000 gallon per minute ("gpm") water supply well (Water supply well No. 1), two 188,000-gallon ground storage tanks, four 500 gpm booster pumps and two 10,000-gallon hydropneumatic tank. The existing water plant facilities will adequately serve 1,000 equivalent single-family connections. The District has also constructed Water supply well No. 2, a backup well that provides 450 gpm in backup capacity, if necessary. As of August 28, 2023, the District was serving 838 active residential connections (including 42 homes under construction or in a builder's name).

Subsidence District Requirements

Lone Star Groundwater Conservation District: The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"), which was created by the Texas Legislature to conserve, protect and enhance the groundwater resources of the County. The Conservation District has adopted rules and a regulatory plan for the conservation, preservation, protection, recharge and prevention of waste of groundwater, groundwater reservoirs or their subdivisions and to control subsidence caused by the withdrawal of groundwater from those groundwater resources or their subdivisions.

The Conservation District requires persons and entities, including the District, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Conservation District's rules. The Conservation District has adopted its District Regulatory Plan which calls for the reduction of groundwater withdrawal throughout the County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long term depletion of the aquifers.

Large volume water users, including the District, were required to submit a Groundwater Reduction Plan (GRP) individually, or jointly with other large volume water users, to ensure that necessary progress is made by each participant to appropriately plan, finance, design, construct, and otherwise implement conservation measures and or develop an alternative water source so that, by the end of calendar year 2016, it will have met its initial conversion obligation.

On January 1, 2014, the District joined the Joint GRP administered by the San Jacinto River Authority ("SJRA"). The District is a participant by contract to this countywide, collaborative solution to groundwater reduction. As Administrator of the Joint GRP, SJRA delivers alternative water, namely surface water from Lake Conroe, to certain of its participants. SJRA completed a 24 million gallon per day surface water treatment plant and transmission system as of September 18, 2015. SJRA has begun delivery of treated surface water to meet the initial conversion obligation of January 1, 2016. The District is not currently receiving surface water from SJRA; however, the District pays a pumpage fee, which is $2.88 (effective June 30, 2022) per 1,000 gallons of water pumped.

Wastewater Treatment

The District's 200,000 gallons per day ("gpd") wastewater treatment plant provides adequate capacity for 1,000 equivalent single-family connections. As of August 28, 2023, the District was serving 838 active residential connections (including 42 homes under construction or in a builder's name).

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 838 single-family residential lots.

100-Year Flood Plain

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

According to the Engineer, approximately 135 non-developable acres within the District are within the 100-year flood plain. None of the developed lots or developable acreage within the District are located within the 100-year flood plain. All District facilities are constructed to elevations above the 100-year flood plain per regulatory requirements. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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General Fund Operating Statement

The following is a summary of the District's Operating Fund for the last five years. The amounts for the fiscal years ended February 28, 2019 through February 28, 2023, were obtained from the District's audited financial statements, reference to which is hereby made.

	Fiscal Year Ending				
Revenues	2/28/2023	2/28/2022	2/28/2021	2/29/2020	2/28/2019
Water Service	$ 325,631	$ 240,827	$ 182,963	$ 115,126	$ 68,234
Sewer Service	414,785	357,616	224,252	145,630	91,245
Property Taxes	1,095,148	814,618	530,243	417,528	435,047
Penalty & Interest	16,135	8,432	571	5,601	3,176
Pumpage Fees	378,660	218,741	187,195	132,318	80,920
Tap Connection & Inspection Fees	170,770	277,775	177,260	158,590	103,280
FEMA Grants	-	-	-	71,349	-
Miscellaneous Revenues	806	-	5,540	-	250
Investment Revenues	17,214	220	580	1,501	179
Total	$ 2,419,149	$ 1,918,229	$ 1,308,604	$ 1,047,643	$ 782,331
Expenditures					
Professional Fees	$ 141,020	$ 184,225	$ 148,356	$ 147,232	$ 91,147
Purchased or Contracted Services	463,833	434,730	253,714	190,322	126,642
Repairs & Maintenance	733,010	515,918	369,781	287,619	246,042
Utilities	123,455	113,766	87,560	73,867	63,634
Pumpage Fees	379,008	213,368	195,421	136,178	80,800
Administrative	57,753	55,994	47,762	35,691	28,639
Other	28,478	9,503	13,957	5,112	6,339
TX DOT Capital Contributions	-	-	-	-	29,660
Capital Outlay	-	-	-	-	-
Total	$ 1,926,557	$ 1,527,504	$ 1,116,551	$ 876,021	$ 672,903
NET REVENUES (Deficit)	$ 492,592	$ 390,725	$ 192,053	$ 171,622	$ 109,428
Beginning fund balance	$ 945,872	$ 555,147	$ 363,094	$ 191,472	$ 82,044
Ending fund balance	$ 1,438,464	$ 945,872	$ 555,147	$ 363,094	$ 191,472

THE ROAD SYSTEM

The District is primarily served by the Farm-to-Market 2978, Woodlands Parkway, Standard Road and Hufsmith-Conroe Road. The internal subdivision streets direct residents to NorthGrove Parkway. Both Standard Road and Hufsmith-Conroe Road are designated thoroughfares on the County thoroughfares plan. The County is responsible for ongoing maintenance of the public roads in the District, except for the decorative additions inside the road. The District is responsible for the replacement of any road or bridge features that exceed the minimum County standards and specifications for thoroughfares. In addition, the District and Texas Department of Transportation have entered into an Advance Funding Agreement for the joint financing and construction of turn lanes from Farm-to-Market 2978 to NorthGrove Parkway.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the State; the County; the City; or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the Bonds ("Registered Owners") of the District's obligation 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 taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy" below."

Factors Affecting Taxable Values and Tax Payments

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

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

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 Taxable Assessed Valuation of property located within the District (see "TAX DATA") is $357,839,170 and the Estimated Taxable Assessed Valuation as of July 1, 2023, is $389,612,469. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $3,341,364 (2042) and the average annual debt service requirements on the Outstanding Bonds and the Bonds will be $3,063,263 (2024-2048). Assuming no increase to nor decrease from the 2023 Taxable Assessed Valuation, tax rates of $0.99 and $0.91 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor a decrease from the Estimated Taxable Assessed Valuation as of July 1, 2023, tax rates of $0.91 and $0.83 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District levied a total tax rate of $1.25 per $100 of assessed valuation for 2022, composed of a Road System debt service tax rate of $0.34, a Utility System debt service tax rate of $0.45 and a maintenance tax rate of $0.46. The District has authorized publication of a notice of public hearing to consider a proposed tax rate for the 2023 tax year in the total amount of $1.19 per $100 of assessed valuation. The District anticipates that such 2023 total tax rate of $1.19 per $100 of assessed valuation will be composed of the following: a Utility System debt service tax rate of $0.60 per $100 of assessed valuation, a Road System debt service tax rate of $0.27 per $100 of assessed valuation, and a maintenance tax rate of $0.32 per $100 of assessed valuation.

Potential Impact of Natural Disaster

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

The District is located approximately 70 miles from the Texas Gulf Coast and has been and could again be impacted by high winds, heavy rains, and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. See "TAXING PROCEDURES—Property Tax Code and County-Wide Appraisal District" and "– Valuation of Property for Taxation."

Extreme Weather Events

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey ("Harvey"), which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

During Harvey, land within the District sustained flooding due to historic rainfalls which caused Spring Creek to overflow its banks. According to Municipal District Services, LLC (the "Operator") and Costello, Inc. (the "Engineer"), the District's water and sewer system operated without interruption throughout the event, however, the wastewater treatment plant sustained damage of the electrical system due to the flooding.

According to the Developer, the Operator, and the Engineer, the flood waters caused structural flooding of approximately 10 occupied homes and 4 model homes within the District, the wastewater treatment plant and the recreation club house. The District's facilities are designed and constructed to elevations above the 100-year flood plain in accordance with all regulatory requirements. However, the District cannot predict whether flooding could occur in the event of another historic rain event that exceeds a 100-year event.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. See "INVESTMENT CONSIDERATIONS—Factors Affecting Taxable Values and Tax Payments—Maximum Impact on District Tax Rates."

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

National Weather Service Atlas Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as Atlas 14. Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Competitive Nature of Houston Residential Housing Market

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy

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

Marketability

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

Future Debt

The District has the right to issue the remaining $150,270,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of constructing the Utility System and for the refunding of such bonds, the $118,710,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of constructing the Road System and for the refunding of such bonds, and $56,000,000 principal amount of authorized but unissued unlimited tax bonds for park and recreational improvements (the "Park System") to serve the District and for the refunding of such bonds remaining after the issuance of the Bonds (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, revenue bonds, special project bonds, and other obligations described in the Bond Resolution.

After reimbursement with proceeds of the Bonds, the District will owe the Developer approximately $12,300,000 for the Utility System and parks and recreational facilities and approximately $3,500,000 for the Road System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. The principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's certified value, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. See "THE BONDS—Issuance of Additional Debt."

The District's Engineer estimates that the aforementioned principal amounts of authorized unlimited tax bonds which will remain unissued following the issuance of the Bonds will be adequate to finance the Utility System, Road System and Park System to serve all of the currently undeveloped portions of the District.

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

The HGB Area is currently designated as a "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

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

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

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

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 has or will the Attorney General 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 tax purposes. Any proposed litigation, 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.

2023 Legislative Session

The 88th Texas Legislature began on January 10, 2023 and ended on May 29, 2023 (the "88th Regular Legislative Session"). The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District. On September 29, 2023, the Governor called the Third Special Session to begin on October 9, 2023. The District can make no representations or predictions regarding any actions the Texas Legislature has taken or may take concerning the substance or the effect of any legislation passed in a previous session or a future session of the Texas Legislature.

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 District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the 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 "MUNICIPAL BOND INSURANCE" and "RATING."

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATING" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS (except for information under the subheadings "—Book-Entry-Only System," "—Use and Distribution of Bond Proceeds") "THE DISTRICT—Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the Date of Delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

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

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds are **not** "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, 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, and timely notice of specified material events, to certain information to 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 DEBT" (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 2024. The District will provide the updated information to the MSRB through the EMMA system.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of 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 other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. 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 events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District’s records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District’s audited financial statements for the year ended February 28, 2023, were audited by McGrath & Co., PLLC and have been included herein as “APPENDIX A.” McGrath & Co., PLLC, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled “THE DISTRICT - Description”, “THE UTILITY SYSTEM” and “THE ROAD SYSTEM” has been provided by Costello, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by B&A Municipal Tax Service, LLC and the Appraisal District. Such information has been included herein in reliance upon B&A Municipal Tax Service, LLC's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 137 as of the date shown on the first page hereof.

/s/ Richard Martinez
President, Board of Directors
Montgomery County Municipal Utility District No. 137

ATTEST:

/s/ Christina Cole
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 137

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 137

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

February 28, 2023

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

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 137
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 137 (the "District"), as of and for the year ended February 28, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of February 28, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
June 26, 2023

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Montgomery County Municipal Utility District No. 137 (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 February 28, 2023. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

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 February 28, 2023, was negative $19,457,586. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of February 28, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	$ 4,869,911	$ 3,270,766
Capital assets	31,809,849	28,025,926
Total assets	36,679,760	31,296,692
Current liabilities	1,276,147	929,633
Long-term liabilities	54,861,199	46,131,920
Total liabilities	56,137,346	47,061,553
Net position		
Net investment in capital assets	(8,760,989)	(7,263,947)
Restricted	2,115,028	1,259,268
Unrestricted	(12,811,625)	(9,760,182)
Total net position	$ (19,457,586)	$ (15,764,861)

The total net position of the District decreased during the current fiscal year by $3,692,725. A comparative summary of the District's *Statement of Activities* for the past two years is as follows.

	2023	2022
Revenues		
Property taxes, penalties and interest	$ 3,037,840	$ 2,036,852
Water and sewer service	740,416	598,443
Other	599,930	497,015
Total revenues	4,378,186	3,132,310
Expenses		
Current service operations	1,961,309	1,597,399
Debt interest and fees	863,854	519,917
Developer interest	1,956,663	626,306
Debt issuance costs	1,147,389	771,534
Depreciation	712,406	626,877
Total expenses	6,641,621	4,142,033
Change in net position before other item	(2,263,435)	(1,009,723)
Other items		
Transfers to other governments	(1,429,290)	(1,948,837)
Change in net position	(3,692,725)	(2,958,560)
Net position, beginning of year	(15,764,861)	(12,806,301)
Net position, end of year	$ (19,457,586)	$ (15,764,861)

Financial Analysis of the District's Funds

The District's combined fund balances, as of February 28, 2023, were $4,083,450, which consists of $1,438,464 in the General Fund, $2,009,846 in the Debt Service Fund and $635,140 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of February 28, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 2,114,643	$ 1,519,815
Total liabilities	$ 621,047	$ 531,031
Total deferred inflows	55,132	42,912
Total fund balance	1,438,464	945,872
Total liabilities, deferred inflows and fund balance	$ 2,114,643	$ 1,519,815

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

	2023	2022
Total revenues	$ 2,419,149	$ 1,918,229
Total expenditures	(1,926,557)	(1,527,504)
Revenues over expenditures	$ 492,592	$ 390,725

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of February 28, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 2,120,128	$ 1,262,870
Total liabilities	$ 5,100	$ 3,602
Total deferred inflows	105,182	71,514
Total fund balance	2,009,846	1,187,754
Total liabilities, deferred inflows and fund balance	$ 2,120,128	$ 1,262,870

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

	2023	2022
Total revenues	$ 1,899,248	$ 1,175,882
Total expenditures	(1,293,606)	(818,845)
Revenues over expenditures	605,642	357,037
Other changes in fund balance	216,450	
Net change in fund balance	$ 822,092	$ 357,037

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of February 28, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 635,140	$ 488,081
Total fund balance	$ 635,140	$ 488,081

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

	2023	2022
Total revenues	$ 13,901	$ 109
Total expenditures	(12,230,392)	(8,590,565)
Revenues under expenditures	(12,216,491)	(8,590,456)
Other changes in fund balance	12,363,550	8,435,000
Net change in fund balance	$ 147,059	$ (155,456)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Bond and Series 2022 Unlimited Tax Road Bonds in the current year and issuance of its Series 2021 Unlimited Tax Bond and Series 2021 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $94,977 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 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 February 28, 2023 and 2022 are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	$ 7,080,494	$ 6,433,039
Capital assets being depreciated		
Infrastructure	24,869,725	21,020,851
Landscape improvements	2,707,672	2,707,672
Park and recreational facilities	487,258	487,258
	28,064,655	24,215,781
Less accumulated depreciation		
Infrastructure	(2,647,493)	(2,094,833)
Landscape improvements	(605,352)	(469,969)
Park and recreational facilities	(82,455)	(58,092)
	(3,335,300)	(2,622,894)
Depreciable capital assets, net	24,729,355	21,592,887
Capital assets, net	$ 31,809,849	$ 28,025,926

Capital asset additions during the current year include the following:

- Northgrove Section 17 – utilities
- Northgrove Section 19 – utilities
- Water Plant, phase 2
- Northgrove Sections 16, 18, 19 and 20 – clearing and grubbing
- Lift Station No. 3

Montgomery County assumes responsibility for 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 February 28, 2023, capital assets in the amount of $1,429,290 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of February 28, 2023, the District owes approximately $20,736,199 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $6,598,297 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At February 28, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	2023	2022
2017 Road	$ 3,565,000	$ 3,665,000
2018 Road	2,280,000	2,345,000
2019 Road	1,090,000	1,125,000
2019	2,670,000	2,750,000
2020	3,785,000	3,900,000
2021	4,145,000	4,145,000
2021 Road	4,370,000	4,370,000
2022	9,620,000	
2022 Road	3,250,000	
	$ 34,775,000	$ 22,300,000

During the current year, the District issued $9,620,000 in unlimited tax bonds for water sewer, and drainage facilities and $3,250,000 in unlimited tax road bonds. At February 28, 2023, the District had $164,510,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $56,000,000 for parks and recreational facilities and the refunding of such bonds; and $118,710,000 for road improvements and the refunding of such bonds.

Next Year's Budget

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

	2023 Actual	2024 Budget
Total revenues	$ 2,419,149	$ 2,781,950
Total expenditures	(1,926,557)	(2,244,995)
Revenues over expenditures	492,592	536,955
Beginning fund balance	945,872	1,438,464
Ending fund balance	$ 1,438,464	$ 1,975,419

Basic Financial Statements

Montgomery County Municipal Utility District No. 137
Statement of Net Position and Governmental Funds Balance Sheet
February 28, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 125,922	$ 361,474	$ -	$ 487,396	$ -	$ 487,396
Investments	1,678,076	1,739,441	685,616	4,103,133		4,103,133
Taxes receivable	55,132	105,182		160,314		160,314
Customer service receivables	106,106			106,106		106,106
Internal balances	136,445	(85,969)	(50,476)			
Other receivables	114			114		114
Prepaid items	12,848			12,848		12,848
Capital assets not being depreciated					7,080,494	7,080,494
Capital assets, net					24,729,355	24,729,355
Total Assets	$ 2,114,643	$ 2,120,128	$ 635,140	$ 4,869,911	31,809,849	36,679,760
Liabilities						
Accounts payable	$ 135,265	$ -	$ -	$ 135,265		135,265
Other payables		5,100		5,100		5,100
Customer deposits	445,032			445,032		445,032
Builder deposits	19,500			19,500		19,500
Unearned revenue	21,250			21,250		21,250
Due to developers					20,736,199	20,736,199
Long-term debt						
Due within one year					650,000	650,000
Due after one year					34,125,000	34,125,000
Total Liabilities	621,047	5,100		626,147	55,511,199	56,137,346
Deferred Inflows of Resources						
Deferred property taxes	55,132	105,182		160,314	(160,314)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	12,848			12,848	(12,848)	
Restricted		2,009,846	635,140	2,644,986	(2,644,986)	
Unassigned	1,425,616			1,425,616	(1,425,616)	
Total Fund Balances	1,438,464	2,009,846	635,140	4,083,450	(4,083,450)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,114,643	$ 2,120,128	$ 635,140	$ 4,869,911		
Net Position						
Net investment in capital assets					(8,760,989)	(8,760,989)
Restricted for debt service					2,115,028	2,115,028
Unrestricted					(12,811,625)	(12,811,625)
Total Net Position					$ (19,457,586)	$ (19,457,586)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 137
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended February 28, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 325,631	$ -	$ -	$ 325,631	$ -	$ 325,631
Sewer service	414,785			414,785		414,785
Property taxes	1,095,148	1,868,915		2,964,063	43,850	3,007,913
Penalties and interest	16,135	11,754		27,889	2,038	29,927
Pumpage fees	378,660			378,660		378,660
Tap connection and inspection	170,770			170,770		170,770
Miscellaneous	806	25		831		831
Investment earnings	17,214	18,554	13,901	49,669		49,669
Total Revenues	2,419,149	1,899,248	13,901	4,332,298	45,888	4,378,186
Expenditures/Expenses						
Current service operations						
Professional fees	141,020	425		141,445		141,445
Contracted services	463,833	28,629		492,462		492,462
Repairs and maintenance	733,010			733,010		733,010
Utilities	123,455			123,455		123,455
Pumpage fees	379,008			379,008		379,008
Administrative	57,753	5,698		63,451		63,451
Other	28,478			28,478		28,478
Capital outlay			9,126,340	9,126,340	(9,126,340)	
Debt service						
Principal		395,000		395,000	(395,000)	
Interest and fees		863,854		863,854		863,854
Developer interest			1,956,663	1,956,663		1,956,663
Debt issuance costs			1,147,389	1,147,389		1,147,389
Depreciation					712,406	712,406
Total Expenditures/Expenses	1,926,557	1,293,606	12,230,392	15,450,555	(8,808,934)	6,641,621
Revenues Over/(Under) Expenditures/Expenses	492,592	605,642	(12,216,491)	(11,118,257)	8,854,822	(2,263,435)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		216,450	12,653,550	12,870,000	(12,870,000)	
Repayment of developer advances			(290,000)	(290,000)	290,000	
Other Items						
Transfers to other governments					(1,429,290)	(1,429,290)
Net Change in Fund Balances	492,592	822,092	147,059	1,461,743	(1,461,743)	
Change in Net Position					(3,692,725)	(3,692,725)
Fund Balances/Net Position						
Beginning of the year	945,872	1,187,754	488,081	2,621,707	(18,386,568)	(15,764,861)
End of the year	$ 1,438,464	$ 2,009,846	$ 635,140	$ 4,083,450	$ (23,541,036)	$ (19,457,586)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 137 (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 created by an act by the Texas Legislature under Article XVI, Section 59 and Article III, Section 52, Senate Bill 624, Chapter 551, as passed by the eighty-third (83rd) Texas Legislature on June 14, 2013, and operates in accordance with the Special District Local Laws Code, Chapter 8421, and the Texas Water Code, Chapters 49 and 54. The District was created for the purpose of providing water, sewer and drainage facilities, parks, roads and other public infrastructure to facilitate the development of land within its boundaries. The District is authorized to issue bonds for the purpose of acquiring and constructing the facilities. The Board of Directors held its first meeting on August 6, 2013 and the District issued its first bonds on October 30, 2017.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. As further discussed in Note 9, the District transfers road facilities to Montgomery County for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, 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 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

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 February 28, 2023, an allowance an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Infrastructure	45 years
Landscaping improvement	20 years
Park and recreational facilities	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.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

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		$ 4,083,450
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 35,145,149	
Less accumulated depreciation	(3,335,300)	
Change due to capital assets		31,809,849
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position*.		(20,736,199)
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.		(34,775,000)
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.		160,314
Total net position - governmental activities		$ (19,457,586)

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		$ 1,461,743
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.		45,888
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	$ 9,126,340	
Depreciation expense	(712,406)	
		8,413,934
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(12,870,000)	
Principal payments	395,000	
		(12,475,000)
Amounts repaid to the District's developers for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position* .		290,000
Montgomery County assumes responsibility for roads upon completion of construction and improvements. Since the improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities* , these amounts are reported as transfers to other governments.		(1,429,290)
Change in net position of governmental activities		$ (3,692,725)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

As of February 28, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 1,678,076		
	Debt Service	1,739,441		
	Capital Projects	685,616		
Total		$ 4,103,133	AAAm	15 days

Note 3 – Deposits and Investments (continued)

TexPool

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at February 28, 2023, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 122,986	Maintenance tax collections not remitted as of year end
Debt Service Fund	General Fund	37,017	Debt service tax collections not remitted as of year end
General Fund	Capital Project Fund	50,476	Bond costs paid by the General Fund

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended February 28, 2023, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 6,433,039	$ 647,455	$ 7,080,494
Capital assets being depreciated			
Infrastructure	21,020,851	3,848,874	24,869,725
Landscape improvements	2,707,672		2,707,672
Park and recreational facilities	487,258		487,258
	24,215,781	3,848,874	28,064,655
Less accumulated depreciation			
Infrastructure	(2,094,833)	(552,660)	(2,647,493)
Landscape improvements	(469,969)	(135,383)	(605,352)
Park and recreational facilities	(58,092)	(24,363)	(82,455)
	(2,622,894)	(712,406)	(3,335,300)
Subtotal depreciable capital assets, net	21,592,887	3,136,468	24,729,355
Capital assets, net	$ 27,748,305	$ 3,783,923	$ 31,809,849

Depreciation expense for the current year was $712,406.

Note 6 – Due to Developers

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

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

Note 6 – Due to Developers (continued)

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

Due to developers, beginning of year	$ 24,226,920
Developer reimbursements	(9,126,340)
Repayment of developer advances	(290,000)
Developer funded construction and adjustments	5,925,619
Due to developers, end of year	$ 20,736,199

In addition, the District will owe the developers approximately $6,598,297, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Northgrove Section 16 - utilities and paving	$ 2,837,715	88%
Northgrove Section 18 - utilities and paving	1,770,197	32%
Northgrove Section 20 - utilities and paving	1,234,774	29%
Northgrove, Section 16 - park	583,284	88%
Northgrove, Section 19 - landscaping	172,327	0%
	$ 6,598,297	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 34,775,000
Due within one year	$ 650,000

Note 7 – Long-Term Debt (continued)

The District's bonds payable at February 28, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017 Road	$ 3,565,000	$ 3,940,000	2.00% - 4.15%	September 1, 2019/2043	September 1, March 1	September 1, 2023
2018 Road	2,280,000	2,540,000	2.25% - 4.30%	September 1, 2019/2043	September1, March 1	September 1, 2024
2019 Road	1,090,000	1,190,000	1.90% - 3.30%	September 1, 2020/2044	September 1, March 1	September 1, 2025
2019	2,670,000	2,825,000	2.00% - 3.375%	September 1, 2021/2044	September 1, March 1	September 1, 2025
2020	3,785,000	3,900,000	1.50% - 3.00%	September 1, 2022/2045	September 1, March 1	September 1, 2025
2021	4,145,000	4,145,000	2.00% - 3.00%	September 1, 2023/2046	September 1, March 1	September 1, 2027
2021 Road	4,370,000	4,370,000	2.00% - 2.50%	September 1, 2023/2046	September 1, March 1	September 1, 2027
2022	9,620,000	9,620,000	4.00% - 6.50%	September 1, 2024/2047	September 1, March 1	September 1, 2028
2022 Road	3,250,000	3,250,000	4.00% - 6.50%	September 1, 2024/2047	September 1, March 1	September 1, 2028
	$ 34,775,000					

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

At February 28, 2023, the District had authorized but unissued bonds in the amount of $164,510,000 for water, sewer and drainage facilities and the refunding of such bonds; $56,000,000 for park and recreational facilities and the refunding of such bonds; and $118,710,000 for road facilities and the refunding of such bonds.

On October 25, 2022, the District issued its $9,620,000 Series 2022 Unlimited Tax Bonds at a net effective interest rate of 4.948121%. Proceeds of the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, and other costs associated with the construction of capital assets, and operating advances and (2) to pay developer interest at the net effective interest rate of the bonds.

Note 7 – Long-Term Debt (continued)

On October 25, 2022, the District issued its $3,250,000 Series 2022 Unlimited Tax Road Bonds at a net effective interest rate of 4.920674%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	$ 22,300,000
Bonds issued	12,870,000
Bonds retired	(395,000)
Bonds payable, end of year	$ 34,775,000

The debt service payment due March 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue As of February 28, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	$ 650,000	$ 1,257,693	$ 1,907,693
2025	970,000	1,231,909	2,201,909
2026	1,015,000	1,195,402	2,210,402
2027	1,050,000	1,157,576	2,207,576
2028	1,085,000	1,117,849	2,202,849
2029	1,135,000	1,076,047	2,211,047
2030	1,175,000	1,031,964	2,206,964
2031	1,235,000	990,184	2,225,184
2032	1,280,000	950,855	2,230,855
2033	1,325,000	909,247	2,234,247
2034	1,370,000	865,197	2,235,197
2035	1,425,000	818,979	2,243,979
2036	1,480,000	768,970	2,248,970
2037	1,540,000	714,705	2,254,705
2038	1,610,000	657,497	2,267,497
2039	1,665,000	597,395	2,262,395
2040	1,735,000	534,220	2,269,220
2041	1,810,000	467,655	2,277,655
2042	1,880,000	397,916	2,277,916
2043	1,955,000	325,276	2,280,276
2044	2,025,000	249,725	2,274,725
2045	1,670,000	180,331	1,850,331
2046	1,495,000	121,263	1,616,263
2047	1,325,000	67,226	1,392,226
2048	870,000	20,663	890,663
	$ 34,775,000	$ 17,705,744	$ 52,480,744

Note 8 – Property Taxes

On November 13, 2013, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and an operation and maintenance tax for 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 Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of $1.25 per $100 of assessed value, of which $0.46 was allocated to maintenance and operations, $0.34 was allocated to road debt service, and $0.45 was allocated to utility debt service. The resulting tax levy was $2,999,220 on the adjusted taxable value of $239,937,601.

Property taxes receivable, at February 28, 2023, consisted of the following:

Current year taxes receivable	$ 147,324
Prior years taxes receivable	2,250
	149,574
Penalty and interest receivable	10,740
Property taxes receivable	$ 160,314

Note 9 – 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 developer is subsequently reimbursed. For the year ended February 28, 2023, the District recorded transfers to other governments in the amount of $1,429,290 for road facilities constructed by a developer within the District.

Note 10 – Risk Management

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

Required Supplementary Information

Montgomery County Municipal Utility District No. 137
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended February 28, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 230,000	$ 230,000	$ 325,631	$ 95,631
Sewer service	330,000	330,000	414,785	84,785
Property taxes	791,715	791,715	1,095,148	303,433
Penalties and interest	8,400	8,400	16,135	7,735
Pumpage fees	248,000	248,000	378,660	130,660
Tap connection and inspection	115,000	115,000	170,770	55,770
Miscellaneous			806	806
Investment earnings	200	200	17,214	17,014
Total Revenues	1,723,315	1,723,315	2,419,149	695,834
Expenditures				
Current service operations				
Professional fees	142,000	142,000	141,020	980
Contracted services	323,900	323,900	463,833	(139,933)
Repairs and maintenance	437,000	437,000	733,010	(296,010)
Utilities	110,000	110,000	123,455	(13,455)
Pumpage fees	248,000	248,000	379,008	(131,008)
Administrative	62,800	62,800	57,753	5,047
Other	2,000	2,000	28,478	(26,478)
Total Expenditures	1,325,700	1,325,700	1,926,557	(600,857)
Revenues Over Expenditures	397,615	397,615	492,592	94,977
Fund Balance				
Beginning of the year	945,872	945,872	945,872	
End of the year	$ 1,343,487	$ 1,343,487	$ 1,438,464	$ 94,977

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 expenditures.

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Texas Supplementary Information

Montgomery County Municipal Utility District No. 137
TSI-1. Services and Rates
February 28, 2023

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

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

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

[ ] Other (Specify): ______

2. Retail Service Providers

a. Retail Rates for a 3/4" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 20.00	6,000	N	$ 2.00	6,001	to	10,000
				$ 2.75	10,001	to	15,000
				$ 3.50	15,001	to	20,000
				$ 4.25	20,001	to	30,000
				$ 5.25	30,000	to	No limit
Wastewater:	$ 50.00	N	Y			to	
SJRA fee:	$ 3.25	N	N	$ 3.25	-0-	to	No limit

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

Total charges per 10,000 gallons usage: Water $ 60.50 Wastewater $ 50.00

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"	711	708	x 1.0	708
1"	93	93	x 2.5	233
1.5"	1	1	x 5.0	5
2"	14	14	x 8.0	112
3"			x 15.0	
4"			x 25.0	
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water	820	817		817
Total Wastewater	778	775	x 1.0	775

See accompanying auditor's report.

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

Gallons pumped into system:	127,619,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	119,982,000	94.02%

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

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

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

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

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

5. Location of District

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

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

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

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

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

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

ETJs in which the District is located: City of Houston

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

If Yes, by whom? ______

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-2 General Fund Expenditures
For the Year Ended February 28, 2023

Professional fees		
Legal	$	64,269
Audit		12,980
Engineering		63,771
		141,020
Contracted services		
Bookkeeping		32,617
Operator		72,598
Garbage collection		233,734
Sludge removal		19,740
Tap connection and inspection		101,394
Tax assessor/collector fees		3,750
		463,833
Repairs and maintenance		733,010
Utilities		123,455
Pumpage fees		379,008
Administrative		
Directors fees		9,011
Printing and office supplies		7,534
Insurance		14,371
Other		26,837
		57,753
Other		28,478
Total expenditures	$	1,926,557

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-3. Investments
February 28, 2023

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 1,678,076
Debt Service			
TexPool	Variable	N/A	995,295
TexPool	Variable	N/A	744,146
			1,739,441
Capital Projects			
TexPool	Variable	N/A	355,635
TexPool	Variable	N/A	142,703
TexPool	Variable	N/A	173,286
TexPool	Variable	N/A	13,992
			685,616
Total - All Funds			$ 4,103,133

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-4. Taxes Levied and Receivable
February 28, 2023

	Maintenance Taxes	Road Debt Service Taxes	Utility Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 42,912	$ 35,323	$ 27,490	$ 105,725
Adjustments to Prior Year Tax Levy	140	114	(183)	71
Adjusted Receivable	43,052	35,437	27,307	105,796
2022 Original Tax Levy	1,043,237	771,088	1,020,558	2,834,883
Adjustments	60,477	44,699	59,161	164,337
Adjusted Tax Levy	1,103,714	815,787	1,079,719	2,999,220
Rollback Taxes	3,515	3,657	1,449	8,621
Total to be accounted for	1,150,281	854,881	1,108,475	3,113,637
Tax collections:				
Current year	1,049,498	775,716	1,026,682	2,851,896
Prior years	45,651	38,343	28,173	112,167
Total Collections	1,095,149	814,059	1,054,855	2,964,063
Taxes Receivable, End of Year	$ 55,132	$ 40,822	$ 53,620	$ 149,574
Taxes Receivable, By Years				
2022	$ 54,216	$ 40,071	$ 53,037	$ 147,324
2021	916	751	583	2,250
Taxes Receivable, End of Year	$ 55,132	$ 40,822	$ 53,620	$ 149,574

	2022	2021	2020	2019
Property Valuations:				
Land	$ 69,695,230	$ 47,916,980	$ 36,980,230	$ 29,174,190
Improvements	178,342,910	108,393,180	67,509,130	43,189,080
Personal Property	309,659	196,417	506,729	991,806
Exemptions	(8,410,198)	(5,551,855)	(3,913,694)	(3,102,615)
Total Property Valuations	$ 239,937,601	$ 150,954,722	$ 101,082,395	$ 70,252,461
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.46	$ 0.55	$ 0.53	$ 0.57
Road debt service tax rates	0.34	0.45	0.46	0.68
WSD debt service tax rates	0.45	0.35	0.36	0.10
Total Tax Rates per $100 Valuation	$ 1.25	$ 1.35	$ 1.35	$ 1.35
Adjusted Tax Levy:	$ 2,999,220	$ 2,037,889	$ 1,364,612	$ 948,408
Percentage of Taxes Collected to Taxes Levied **	95.09%	99.89%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 13, 2013.

* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 13, 2013.

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

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 105,000	$ 132,721	$ 237,721
2025	110,000	129,601	239,601
2026	115,000	126,226	241,226
2027	120,000	122,641	242,641
2028	125,000	118,781	243,781
2029	130,000	114,636	244,636
2030	135,000	110,196	245,196
2031	145,000	105,364	250,364
2032	150,000	100,108	250,108
2033	155,000	94,579	249,579
2034	165,000	88,635	253,635
2035	170,000	82,270	252,270
2036	180,000	75,440	255,440
2037	185,000	68,140	253,140
2038	195,000	60,540	255,540
2039	205,000	52,540	257,540
2040	215,000	44,140	259,140
2041	225,000	35,171	260,171
2042	235,000	25,626	260,626
2043	245,000	15,666	260,666
2044	255,000	5,291	260,291
	$ 3,565,000	$ 1,708,312	$ 5,273,312

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 70,000	$ 90,021	$ 160,021
2025	70,000	87,790	157,790
2026	75,000	85,396	160,396
2027	80,000	82,740	162,740
2028	80,000	79,900	159,900
2029	85,000	76,888	161,888
2030	90,000	73,605	163,605
2031	95,000	69,995	164,995
2032	95,000	66,195	161,195
2033	100,000	62,295	162,295
2034	105,000	58,195	163,195
2035	110,000	53,895	163,895
2036	115,000	49,338	164,338
2037	120,000	44,520	164,520
2038	125,000	39,498	164,498
2039	130,000	34,270	164,270
2040	135,000	28,703	163,703
2041	140,000	22,790	162,790
2042	145,000	16,663	161,663
2043	155,000	10,213	165,213
2044	160,000	3,440	163,440
	$ 2,280,000	$ 1,136,350	$ 3,416,350

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 35,000	$ 32,735	$ 67,735
2025	35,000	31,948	66,948
2026	35,000	31,075	66,075
2027	35,000	30,268	65,268
2028	40,000	29,310	69,310
2029	40,000	28,250	68,250
2030	40,000	27,150	67,150
2031	45,000	25,938	70,938
2032	45,000	24,610	69,610
2033	45,000	23,260	68,260
2034	45,000	21,888	66,888
2035	50,000	20,415	70,415
2036	50,000	18,840	68,840
2037	55,000	17,160	72,160
2038	55,000	15,386	70,386
2039	55,000	13,599	68,599
2040	60,000	11,715	71,715
2041	60,000	9,735	69,735
2042	65,000	7,673	72,673
2043	65,000	5,528	70,528
2044	65,000	3,383	68,383
2045	70,000	1,155	71,155
	$ 1,090,000	$ 431,021	$ 1,521,021

See accompanying auditor’s report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 80,000	$ 80,778	$ 160,778
2025	85,000	78,920	163,920
2026	90,000	76,863	166,863
2027	90,000	74,658	164,658
2028	95,000	72,298	167,298
2029	100,000	69,713	169,713
2030	100,000	66,963	166,963
2031	105,000	63,988	168,988
2032	110,000	60,763	170,763
2033	110,000	57,463	167,463
2034	115,000	54,088	169,088
2035	120,000	50,488	170,488
2036	125,000	46,659	171,659
2037	130,000	42,594	172,594
2038	135,000	38,288	173,288
2039	140,000	33,819	173,819
2040	145,000	29,188	174,188
2041	145,000	24,384	169,384
2042	155,000	19,322	174,322
2043	160,000	14,006	174,006
2044	165,000	8,522	173,522
2045	170,000	2,869	172,869
	$ 2,670,000	$ 1,066,634	$ 3,736,634

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 115,000	$ 95,902	$ 210,902
2025	120,000	93,963	213,963
2026	125,000	91,818	216,818
2027	130,000	89,457	219,457
2028	130,000	86,923	216,923
2029	135,000	84,273	219,273
2030	140,000	81,451	221,451
2031	145,000	78,387	223,387
2032	150,000	75,067	225,067
2033	155,000	71,482	226,482
2034	155,000	67,685	222,685
2035	160,000	63,668	223,668
2036	165,000	59,402	224,402
2037	170,000	54,921	224,921
2038	175,000	50,219	225,219
2039	180,000	45,292	225,292
2040	185,000	40,136	225,136
2041	195,000	34,575	229,575
2042	200,000	28,650	228,650
2043	205,000	22,575	227,575
2044	210,000	16,350	226,350
2045	215,000	9,975	224,975
2046	225,000	3,375	228,375
	$ 3,785,000	$ 1,345,546	$ 5,130,546

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 115,000	$ 95,050	$ 210,050
2025	115,000	91,600	206,600
2026	120,000	88,675	208,675
2027	125,000	86,225	211,225
2028	130,000	83,675	213,675
2029	135,000	81,025	216,025
2030	140,000	78,275	218,275
2031	145,000	75,425	220,425
2032	150,000	72,475	222,475
2033	155,000	69,425	224,425
2034	160,000	66,275	226,275
2035	165,000	63,025	228,025
2036	170,000	59,462	229,462
2037	175,000	55,472	230,472
2038	185,000	51,197	236,197
2039	190,000	46,625	236,625
2040	195,000	41,812	236,812
2041	205,000	36,812	241,812
2042	210,000	31,625	241,625
2043	215,000	26,313	241,313
2044	225,000	20,813	245,813
2045	230,000	15,125	245,125
2046	240,000	9,250	249,250
2047	250,000	3,125	253,125
	$ 4,145,000	$ 1,348,781	$ 5,493,781

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 130,000	$ 97,856	$ 227,856
2025	135,000	95,206	230,206
2026	140,000	92,456	232,456
2027	140,000	89,656	229,656
2028	145,000	86,806	231,806
2029	150,000	83,856	233,856
2030	155,000	80,806	235,806
2031	160,000	77,656	237,656
2032	165,000	74,406	239,406
2033	170,000	71,056	241,056
2034	170,000	67,656	237,656
2035	175,000	64,206	239,206
2036	180,000	60,432	240,432
2037	185,000	56,210	241,210
2038	190,000	51,756	241,756
2039	195,000	47,063	242,063
2040	200,000	42,125	242,125
2041	210,000	37,000	247,000
2042	215,000	31,688	246,688
2043	220,000	26,250	246,250
2044	225,000	20,688	245,688
2045	230,000	15,000	245,000
2046	240,000	9,125	249,125
2047	245,000	3,063	248,063
	$ 4,370,000	$ 1,382,022	$ 5,752,022

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ -	$ 473,737	$ 473,737
2025	225,000	466,425	691,425
2026	235,000	451,475	686,475
2027	245,000	435,875	680,875
2028	255,000	419,625	674,625
2029	270,000	402,562	672,562
2030	280,000	384,687	664,687
2031	295,000	369,687	664,687
2032	310,000	357,587	667,587
2033	325,000	344,481	669,481
2034	340,000	330,350	670,350
2035	355,000	315,581	670,581
2036	370,000	299,250	669,250
2037	390,000	281,200	671,200
2038	410,000	262,200	672,200
2039	425,000	242,368	667,368
2040	450,000	221,588	671,588
2041	470,000	199,738	669,738
2042	490,000	176,938	666,938
2043	515,000	153,069	668,069
2044	540,000	128,013	668,013
2045	565,000	101,769	666,769
2046	590,000	74,338	664,338
2047	620,000	45,600	665,600
2048	650,000	15,438	665,438
	$ 9,620,000	$ 6,953,581	$ 16,573,581

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ -	$ 158,893	$ 158,893
2025	75,000	156,456	231,456
2026	80,000	151,418	231,418
2027	85,000	146,056	231,056
2028	85,000	140,531	225,531
2029	90,000	134,844	224,844
2030	95,000	128,831	223,831
2031	100,000	123,744	223,744
2032	105,000	119,644	224,644
2033	110,000	115,206	225,206
2034	115,000	110,425	225,425
2035	120,000	105,431	225,431
2036	125,000	100,147	225,147
2037	130,000	94,488	224,488
2038	140,000	88,413	228,413
2039	145,000	81,819	226,819
2040	150,000	74,813	224,813
2041	160,000	67,450	227,450
2042	165,000	59,731	224,731
2043	175,000	51,656	226,656
2044	180,000	43,225	223,225
2045	190,000	34,438	224,438
2046	200,000	25,175	225,175
2047	210,000	15,438	225,438
2048	220,000	5,225	225,225
	$ 3,250,000	$ 2,333,497	$ 5,583,497

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 137
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
February 28, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2024	$ 650,000	$ 1,257,693	$ 1,907,693
2025	970,000	1,231,909	2,201,909
2026	1,015,000	1,195,402	2,210,402
2027	1,050,000	1,157,576	2,207,576
2028	1,085,000	1,117,849	2,202,849
2029	1,135,000	1,076,047	2,211,047
2030	1,175,000	1,031,964	2,206,964
2031	1,235,000	990,184	2,225,184
2032	1,280,000	950,855	2,230,855
2033	1,325,000	909,247	2,234,247
2034	1,370,000	865,197	2,235,197
2035	1,425,000	818,979	2,243,979
2036	1,480,000	768,970	2,248,970
2037	1,540,000	714,705	2,254,705
2038	1,610,000	657,497	2,267,497
2039	1,665,000	597,395	2,262,395
2040	1,735,000	534,220	2,269,220
2041	1,810,000	467,655	2,277,655
2042	1,880,000	397,916	2,277,916
2043	1,955,000	325,276	2,280,276
2044	2,025,000	249,725	2,274,725
2045	1,670,000	180,331	1,850,331
2046	1,495,000	121,263	1,616,263
2047	1,325,000	67,226	1,392,226
2048	870,000	20,663	890,663
	$ 34,775,000	$ 17,705,744	$ 52,480,744

See accompanying auditor's report.

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Montgomery County Municipal Utility District No. 137
TSI-6. Change in Long-Term Bonded Debt
February 28, 2023

	Bond Issue			
	Series 2017 Road	Series 2018 Road	Series 2019 Road	Series 2019
Interest rate	2.00% - 4.15%	2.25% - 4.30%	1.90% - 3.30%	2.00% - 3.375%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/19 - 9/1/43	9/1/19 - 9/1/43	9/1/20 - 9/1/44	9/1/21 - 9/1/44
Beginning bonds outstanding	$ 3,665,000	$ 2,345,000	$ 1,125,000	$ 2,750,000
Bonds issued				
Bonds retired	(100,000)	(65,000)	(35,000)	(80,000)
Ending bonds outstanding	$ 3,565,000	$ 2,280,000	$ 1,090,000	$ 2,670,000
Interest paid during fiscal year	$ 135,491	$ 92,090	$ 33,488	$ 82,498

Paying agent's name and city
All Series — The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Parks and Recreational Facilities Bonds	Road Bonds
Amount Authorized by Voters	$ 185,000,000	$ 56,000,000	$ 134,000,000
Amount Issued	(20,490,000)		(15,290,000)
Remaining To Be Issued	$ 164,510,000	$ 56,000,000	$ 118,710,000

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 February 28, 2023: $ 2,100,915

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 2,099,230

See accompanying auditor's report.

Bond Issue					
Series 2020	Series 2021	Series 2021 Road	Series 2022	Series 2022 Road	Totals
1.50% - 3.00%	2.00% - 3.00%	2.00% - 2.50%	4.00% - 6.50%	4.00% - 6.50%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	
9/1/22 - 9/1/45	9/1/23 - 9/1/46	9/1/23 - 9/1/46	9/1/24 - 9/1/47	9/1/24 - 9/1/47	
$ 3,900,000	$ 4,145,000	$ 4,370,000	$ -	$ -	$ 22,300,000
			9,620,000	3,250,000	12,870,000
(115,000)					(395,000)
$ 3,785,000	$ 4,145,000	$ 4,370,000	$ 9,620,000	$ 3,250,000	$ 34,775,000
$ 97,685	$ 96,775	$ 99,156	$ 165,808	$ 55,613	$ 858,604

Montgomery County Municipal Utility District No. 137
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Water service	$ 325,631	$ 240,827	$ 182,963	$ 115,126	$ 68,234
Sewer service	414,785	357,616	224,252	145,630	91,245
Property taxes	1,095,148	814,618	530,243	417,528	435,047
Penalties and interest	16,135	8,432	571	5,601	3,176
Pumpage fees	378,660	218,741	187,195	132,318	80,920
Tap connection and inspection	170,770	277,775	177,260	158,590	103,280
FEMA grants				71,349	
Miscellaneous	806		5,540		250
Investment earnings	17,214	220	580	1,501	179
Total Revenues	2,419,149	1,918,229	1,308,604	1,047,643	782,331
Expenditures					
Current service operations					
Professional fees	141,020	184,225	148,356	147,232	91,147
Contracted services	463,833	434,730	253,714	190,322	126,642
Repairs and maintenance	733,010	515,918	369,781	287,619	246,042
Utilities	123,455	113,766	87,560	73,867	63,634
Pumpage fees	379,008	213,368	195,421	136,178	80,800
Administrative	57,753	55,994	47,762	35,691	28,639
Other	28,478	9,503	13,957	5,112	6,339
Intergovernmental					
TxDOT capital contribution					29,660
Total Expenditures	1,926,557	1,527,504	1,116,551	876,021	672,903
Revenues Over Expenditures	$ 492,592	$ 390,725	$ 192,053	$ 171,622	$ 109,428
Total Active Retail Water Connections	817	694	511	308	197
Total Active Retail Wastewater Connections	775	658	483	283	178

*Percentage is negligible

See accompanying auditor’s report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
13%	13%	14%	11%	9%
17%	19%	17%	14%	12%
45%	42%	41%	39%	56%
1%	*	*	1%	*
16%	12%	14%	13%	10%
7%	14%	14%	15%	13%
			7%	
*		*		*
1%	*	*	*	*
100%	100%	100%	100%	100%
6%	10%	11%	14%	12%
19%	23%	19%	18%	16%
30%	27%	28%	27%	31%
5%	6%	7%	7%	8%
16%	11%	15%	13%	10%
2%	3%	4%	3%	4%
1%	*	1%	*	1%
				4%
79%	80%	85%	82%	86%
21%	20%	15%	18%	14%

Montgomery County Municipal Utility District No. 137
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	$ 1,868,915	$ 1,170,811	$ 823,358	$ 540,913	$ 197,257
Penalties and interest	11,754	4,901	4,653	5,293	6,770
Miscellaneous	25				
Investment earnings	18,554	170	1,104	4,059	795
Total Revenues	1,899,248	1,175,882	829,115	550,265	204,822
Expenditures					
Tax collection services	34,752	33,928	28,210	23,669	21,330
Debt service					
Principal	395,000	265,000	185,000	160,000	
Interest and fees	863,854	519,917	391,959	283,243	177,876
Total Expenditures	1,293,606	818,845	605,169	466,912	199,206
Revenues Over Expenditures	$ 605,642	$ 357,037	$ 223,946	$ 83,353	$ 5,616

*Percentage is negligible

See accompanying auditor’s report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
98%	100%	99%	98%	96%
1%	*	1%	1%	4%
*				
1%	*	*	1%	*
100%	100%	100%	100%	100%
2%	3%	3%	4%	10%
21%	23%	22%	29%	
45%	44%	47%	51%	87%
68%	70%	72%	84%	97%
32%	30%	28%	16%	3%

Montgomery County Municipal Utility District No. 137
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended February 28, 2023

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 18, 2022
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				
Richard Martinez	05/22 - 05/26	$ 2,700	$ 345	President
Jared Fargo	05/20 - 05/24	1,050		Vice President
Christina Ferguson	05/20 - 05/24	3,000	1,203	Secretary
Deborah Arterburn	05/22 - 05/26	900	367	Assistant Secretary
Avi Elfezouaty	05/20 - 05/24	750	19	Assistant Vice President
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2013			Attorney
General legal fees		$ 56,472		
Bond counsel fees		340,601		
Municipal District Services, LLC.	2013	524,487		Operator
Municipal Accounts & Consulting, L.P.	2022	31,571		Bookkeeper
B&A Municipal Services	2013	14,945		Tax Collector
Montgomery Central Appraisal District	Legislation	12,787		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP.	2015	7,673		Delinquent Tax Attorney
Costello, Inc.	2013	181,435		Engineer
TBG Partners	2013			Landscape Architect
McGrath & Co., PLLC	Annual	39,250		Auditor
Robert W. Baird & Co., Inc.	2018	259,798		Financial Advisor
F. Matuska, Inc.	2013	7,176		Former Bookkeeper

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

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)