OFFICIAL STATEMENT DATED MAY 16, 2024

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS."

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

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (AGM Insured) .... "AA"
See "MUNICIPAL BOND INSURANCE" and "RATING."

$2,400,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 141
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX BONDS, SERIES 2024

Dated: June 1, 2024
Interest Accrues From: Date of Delivery

Due: September 1, as shown on inside cover

The $2,400,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"), are obligations of Montgomery County Municipal Utility District No. 141 (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated June 1, 2024 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about June 25, 2024 (the "Date of Delivery"), with interest payable September 1, 2024, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will 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" herein for further information.

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

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

ASSURED GUARANTY MUNICIPAL

The Bonds are the third series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System"). The District has also previously issued three (3) series of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"). The Bonds, when issued, will constitute valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to special risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about June 25, 2024.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIP NOS

$2,400,000 Unlimited Tax Bonds, Series 2024

$1,505,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61372Q (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61372Q (b)
2024	$ 65,000	6.500%	3.750%	FD1	2041 (c)	$ 115,000	4.000%	4.090%	FW9
2025	55,000	6.500%	3.650%	FE9	2042 (c)	120,000	4.000%	4.120%	FX7
2026	60,000	6.500%	3.550%	FF6	2043 (c)	125,000	4.000%	4.150%	FY5
2027	60,000	6.500%	3.450%	FG4	2044 (c)	130,000	4.000%	4.180%	FZ2
2028	65,000	6.500%	3.400%	FH2	2045 (c)	135,000	4.000%	4.200%	GA6
2029	65,000	6.250%	3.400%	FJ8	2046 (c)	140,000	4.000%	4.220%	GB4
2030	70,000	6.000%	3.400%	FK5	2047 (c)	145,000	4.000%	4.240%	GC2
***	***	***	***	***	2048 (c)	155,000	4.000%	4.260%	GD0

$895,000 Term Bonds

$145,000 Term Bond Due September 1, 2032 (c)(d), Interest Rate: 4.000% (Price: $102.926) (a), CUSIP No. 61372Q FM1 (b)

$165,000 Term Bond Due September 1, 2034 (c)(d), Interest Rate: 4.000% (Price: $102.656) (a), CUSIP No. 61372Q FP4 (b)

$175,000 Term Bond Due September 1, 2036 (c)(d), Interest Rate: 4.000% (Price: $101.850) (a), CUSIP No. 61372Q FR0 (b)

$195,000 Term Bond Due September 1, 2038 (c)(d), Interest Rate: 4.000% (Price: $100.786) (a), CUSIP No. 61372Q FT6 (b)

$215,000 Term Bond Due September 1, 2040 (c)(d), Interest Rate: 4.000% (Price: $100.000) (a), CUSIP 61372Q FV1 (b)

(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, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on June 1, 2030, or on any date thereafter, at the par value thereof. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

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

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP ("Bond Counsel") for further information.

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

TABLE OF CONTENTS

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Montgomery County Municipal Utility District No. 141 (the "District") of its $2,400,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to: (i) Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended; (ii) an election held within the District on November 4, 2014; (iii) an order adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ").

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co. Incorporated, Attn: Adam Cohen, 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056 upon payment of reasonable copying, mailing, and handling charges.

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 97.001798% of par, resulting in a net effective interest rate of 4.304208%, 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

Pursuant to the procedures described in the Official Notice of Sale, the delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On April 30, 2024, Moody's announced it had affirmed AGM's insurance financial strength rating of "A1" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At March 31, 2024:

- The policyholders' surplus of AGM was approximately $2,665 million.
- The contingency reserve of AGM was approximately $892 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,036 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

RATING

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

The District is not aware of any rating assigned to the Bonds other than the rating of S&P.

[Remainder of this page intentionally left blank.]

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Montgomery County Municipal Utility District No. 141 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
The Bonds	The District is issuing $2,400,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"). The Bonds are dated June 1, 2024, and mature on September 1 in the years and amounts set forth on the inside cover page hereof. Interest accrues from the date of delivery, which is expected to be on or about June 25, 2024 (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on September 1, 2024, and on each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District on June 1, 2030, and on any date thereafter at a price of par. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Bonds maturing on September 1, 2024, through September 1, 2030, both inclusive, and September 1, 2041, through September 1, 2048, both inclusive, are serial bonds. The Bonds maturing on September 1 in the years 2032, 2034, 2036, 2038, and 2040 are term bonds (the "Term Bonds") and are subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The District has never defaulted on the timely payment of debt service due on its prior bonded indebtedness.
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System (herein defined): $3,025,000 Unlimited Tax Bonds, Series 2018 and $1,540,000 Unlimited Tax Bonds, Series 2019. As of the Date of Delivery, $4,055,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Utility Bonds"). The District has previously issued three series of unlimited tax bonds for the purpose of acquiring or constructing the Road System (herein defined): $2,655,000 Unlimited Tax Road Bonds, Series 2020, $2,420,000 Unlimited Tax Road Bonds, Series 2021, and $2,820,000

Unlimited Tax Road Bonds, Series 2022. As of the Date of Delivery, $7,455,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Road Bonds"). The Outstanding Utility Bonds and the Outstanding Road Bonds are herein referred to collectively as the "Outstanding Bonds." See "THE BONDS – Outstanding Bonds."

Authority for Issuance.. The Bonds are issued pursuant to: (i) the Texas Constitution and general laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended; (ii) an election held within the District on November 4, 2014; (iii) an order adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ"). See "THE BONDS – Authority for Issuance."

Short-Term Debt.. The District issued its $1,270,000 Bond Anticipation Note, Series 2023 (the "BAN"), dated November 3, 2023. The BAN matures on November 1, 2024, and accrues interest at a rate of 5.85% per annum, calculated on the basis of 360-day year and actual days elapsed. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Bond Proceeds." See "THE BONDS – Short-Term Debt."

Use of Proceeds .... Proceeds of the Bonds will be used to reimburse the Developer for the costs to construct certain water supply, sanitary sewer, and drainage facilities serving the District as set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." Proceeds from the Bonds will also be used to pay developer interest, BAN interest, and costs of issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

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

Rating.. S&P Global Ratings (AGM Insured): "AA." See "RATING."

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

Bond Counsel .... Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.

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

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

THE DISTRICT

Description... The District was created by order of the TCEQ dated July 14, 2014. The District comprises 122.74 total acres and is situated entirely within Montgomery County, Texas, the extraterritorial jurisdiction of the City of Conroe, Texas, and the boundaries of Magnolia Independent School District. See "THE DISTRICT."

Location .... The District is located approximately 35 miles north of the City of Houston, Texas; approximately 10 miles southwest of the City of Conroe, Texas; and approximately 9 miles east of the City of

	Magnolia, Texas. The District is adjacent to the master-planned community of The Woodlands and lies approximately 8 miles west of the intersection of Interstate Highway 45 and Farm to Market Road 1488. The District is situated south of Farm to Market Road 1488, west of Tamina Road, east of Lake Windcrest, and north of Miller's Crossing.
Cimarron Creek	The District is part of the master-planned residential community known as Cimarron Creek. Cimarron Creek is located immediately south of Farm to Market Road 1488 and includes amenities such as a community recreation center, swimming pool, and playgrounds. See "DEVELOPMENT OF THE DISTRICT – Cimarron Creek" herein.
Developer and Principal Landowner	The developer and principal owner of land in the District is KB Home Lone Star Inc., a Texas corporation (the "Developer") and publicly traded company on the New York Stock Exchange under the ticker symbol "KBH." KB Homes has completed development of the original single-family subdivisions in the district known as Cimarron Creek. For more information, visit www.kbhome.com. See "PRINCIPAL LANDOWNER/DEVELOPER."
Development within the District	To date, all 319 single-family lots in the District have been developed within the following single-family residential subdivisions: Cimarron Creek, Sections 1, 2, 3, 4, 5, 6, 7, and 8. Said subdivisions encompass approximately 91.14 total acres within the District. As of April 1, 2024, the District included approximately 319 completed homes (approximately 319 occupied, 0 unoccupied, and 0 model homes), approximately 0 homes under construction and approximately 0 vacant, developed lots. The remainder of the lands within the District includes approximately 0 undeveloped but developable acres and approximately 31.60 undevelopable acres for use as a tree park and floodplain (25.26 acres) and detention (6.34 acres). See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

RISK FACTORS

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

[Remainder of this page intentionally left blank.]

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2023 Taxable Assessed Valuation	$ 103,983,475	(a)
Estimate of Value as of May 1, 2023	$ 105,079,264	(b)
2024 Preliminary Taxable Assessed Valuation	$ 109,637,125	(c)
Direct Debt		
The Outstanding Bonds (as of the Date of Delivery)	$ 11,510,000	
The Bonds	$ 2,400,000	
Total	$ 13,910,000	
Estimated Overlapping Debt	$ 4,044,243	(d)
Total Direct and Estimated Overlapping Debt	$ 17,954,243	(d)
Direct Debt Ratio:		
As a Percentage of 2023 Taxable Assessed Valuation	13.38 %	
As a Percentage of Estimate of Value as of May 1, 2023	13.24 %	
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	12.69 %	
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of 2023 Taxable Assessed Valuation	17.27 %	
As a Percentage of Estimate of Value as of May 1, 2023	17.09 %	
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	16.38 %	
Utility System Debt Service Fund Balance (as of April 25, 2024)	$ 540,697	(e)
Road System Debt Service Fund Balance (as of April 25, 2024)	$ 473,814	(f)
Operating Fund Balance (as of April 25, 2024)	$ 1,421,620	
Utility System Capital Projects Fund Balance (as of April 25, 2024)	$ 39,929	
Road System Capital Projects Fund Balance (as of April 25, 2024)	$ 7,618	
2023 Tax Rate		
Utility System Debt Service	$ 0.44	
Road System Debt Service	$ 0.44	
Maintenance and Operations	$ 0.38	
Total	$ 1.26	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048)	$ 796,226	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042)	$ 933,400	(g)
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048) at 95% Tax Collections		
Based on 2023 Taxable Assessed Valuation	$ 0.81	
Based on Estimate of Value as of May 1, 2023	$ 0.80	
Based on 2024 Preliminary Taxable Assessed Valuation	$ 0.77	
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042) at 95% Tax Collections		
Based on 2023 Taxable Assessed Valuation	$ 0.95	
Based on Estimate of Value as of May 1, 2023	$ 0.94	
Based on 2024 Preliminary Taxable Assessed Valuation	$ 0.90	

(a) Represents the taxable amount of the certified assessed valuation of taxable property in the District as of January 1, 2023, as provided by the Montgomery Central Appraisal District (the "Appraisal District") 2023 appraisal rolls. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This estimate reflects the addition of the taxable value from new construction within the District from January 1, 2022, to May 1, 2023. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Appraisal District as the preliminary estimate of assessed value as of January 1, 2024. No taxes will be levied on such preliminary estimate of value, which is subject to protest by landowners. See "TAXING PROCEDURES."

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

(e) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the Road System (herein defined).

(f) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), such as the Bonds.

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

$2,400,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 141

UNLIMITED TAX BONDS

SERIES 2024

This Official Statement provides certain information with respect to the issuance by Montgomery County Municipal Utility District No. 141 (the "District") of its $2,400,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to: (i) the Texas Constitution and general laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended; (ii) an election held within the District on November 4, 2014; (iii) an order adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions of the Bonds, the Developer (herein defined), the Bond Order, 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056, 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 Order, except as otherwise indicated herein.

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

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

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

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2023, the District's principal taxpayers owned property located within the District the aggregate taxable assessed valuation of which comprised approximately 4.74% of the District's total assessed valuation. RM1 STF Propco B LP, owns approximately 0.61% of the District's 2023 Taxable Assessed Valuation. See "PRINCIPAL LANDOWNER/DEVELOPER."

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 Taxable Assessed Valuation, of all taxable property located within the District is $103,983,475, the Estimate of Value as of May 1, 2023, is $105,079,264, and the 2024 Preliminary Taxable Assessed Valuation is $109,637,125. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (herein defined) and the Bonds (2042) will be $933,400, and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2024–2048) will be $796,226. Assuming no decrease to the District's 2023 Taxable Assessed Valuation, combined tax rates of $0.95 and $0.81 per $100 of taxable 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 requirement, respectively. Assuming no decrease to the District's Estimate of Value as of May 1, 2023, combined tax rates of $0.94 and $0.80 per $100 of taxable 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 requirement, respectively. Assuming no decrease to the District's 2024 Preliminary Taxable Assessed Valuation, combined tax rates of $0.90 and $0.77 per $100 of taxable 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 requirement, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Competitive Nature of Residential Housing Market

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two (2) 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 taxpayer's 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 ("Registered Owners") have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. 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 with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds (other than the hold-the-offering-price rule restrictions described in the Official Notice of Sale) and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on November 4, 2014, voters of the District authorized the District's issuance of: $90,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System"); $135,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District; $45,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by District for parks and recreational facilities; $55,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"); and $82,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the sixth series of bonds issued by the District and the third series of bonds for construction of the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $83,035,000 for the Utility System; $135,000,000 for the refunding of bonds issued for the Utility System; $30,000,000 for parks and recreational facilities; $45,000,000 for the refunding of bonds issued by the District for parks and recreational facilities; $47,105,000 for the Road System; and $82,500,000 for the refunding of bonds issued for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS – Issuance of Additional Debt."

According to the Engineer (herein defined), following the issuance of the Bonds, the District will owe the Developer approximately $4,134,413 for its expenditures to construct the Utility System, parks and recreational facilities in the District, and the Road System.

Annexation

Chapter 42, Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any municipality comprises that municipality's extraterritorial jurisdiction ("ETJ"). The size of an ETJ depends in part on the municipality's population. With certain exceptions, a municipality may annex territory only within the confines of its ETJ. When a municipality annexes additional territory, the municipality's ETJ expands in conformity with such annexation.

The District lies within the ETJ of the City of Conroe, Texas (the "City"), a home rule municipality. The District may not be annexed for full purposes by the City except as may be specifically authorized by Chapter 43, Local Government Code, as amended. Any authorized annexation is subject to compliance by the City with various requirements of Chapter 43, Local Government Code. Such requirements include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. Further, if the voters in the area to be annexed do not own more than 50% of the land in the area, a petition signed by more than 50% of the landowners consenting to the annexation is also required. If the District is annexed, the City must assume the District's assets and obligations (e.g., the Bonds and the Outstanding 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 that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should the annexation occur.

Approval of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

The HGB Area is currently designated as a "severe" 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, which expired and was expected to be renewed on January 24, 2024. The TCEQ is delaying the renewal of Phase II MS4 General Permit until August 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District was not subject to the MS4 Permit, the District's inclusion is expected to occur in 2024, and 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.

Potential Effects of Oil Price Declines on the Houston Area

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rate.

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

National Weather Service Atlas 14 Rainfall Study

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Reappraisal of Property

On November 5, 2019, a Texas Constitutional amendment, effective January 1, 2020, passed and the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with an exemption for qualified property that is in a Governor-declared disaster area and at least 15% damaged. Qualified property includes tangible personal property, improvements to real property, and manufactured homes. Eligible individuals must apply within a specified time frame and, if the disaster occurs after taxes are levied, the taxing unit must take action to authorize the exemption. The amount of the exemption is determined by the percentage level of damage and is prorated based on the date of the disaster. The applicable appraisal district must perform a damage assessment and assign a percentage rating to determine the amount of the exemption. Any exemption granted under the new provisions expires the first year the property is reappraised.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due 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 or Initial Purchaser has made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" 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.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

The Bonds are dated June 1, 2024 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about June 25, 2024 (the "Date of Delivery"), with interest payable September 1, 2024, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, 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, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and its book entry system (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (herein defined), (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 (herein defined), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies.

DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

The District may decide to discontinue use of the Book-Entry-Only System for 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-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order 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.

Funds

The Bond Order confirms the District's fund for payment of debt service on the Bonds, the Outstanding Utility Bonds (herein defined), and any additional unlimited tax bonds that the District may hereafter issue for the Utility System (the "Utility System Debt Service Fund"). Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Utility 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 Bonds, the Outstanding Utility Bonds, and any of the District's other duly authorized bonds issued for the Utility System that are 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 Bonds, the Outstanding Utility 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 the Outstanding Road Bonds (herein defined) or any other bonds that the District may hereafter issue for the Road System. Similarly, amounts on deposit in the Road System Debt Service Fund (defined below) may not be used to pay debt service on the District's bonds issued for the Utility System, including the Bonds.

In connection with the Outstanding Road Bonds, the District has established a fund for payment of debt service on the Outstanding Road Bonds and any additional unlimited tax bonds that the District may hereafter issue for the Road System (the "Road System Debt Service Fund"). The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Road Bonds and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Outstanding Road Bonds and any of the District's other duly authorized bonds issued for the Road System that are payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Road Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the Bonds, the Outstanding Utility Bonds, or any other bonds that the District may hereafter issue for the Utility System. Similarly, amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued for the Road System.

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on June 1, 2030, or on any date thereafter. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. 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 the years 2032, 2034, 2036, 2038, and 2040 are term bonds (the "Term Bonds"), and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$145,000 Term Bonds Maturing on September 1, 2032

Mandatory Redemption Date	Principal Amount
September 1, 2031	$ 70,000
September 1, 2032 (Maturity)	$ 75,000

$165,000 Term Bonds Maturing on September 1, 2034

Mandatory Redemption Date	Principal Amount
September 1, 2033	$ 80,000
September 1, 2034 (Maturity)	$ 85,000

$175,000 Term Bonds Maturing on September 1, 2036

Mandatory Redemption Date	Principal Amount
September 1, 2035	$ 85,000
September 1, 2036 (Maturity)	$ 90,000

$195,000 Term Bonds Maturing on September 1, 2038

Mandatory Redemption Date	Principal Amount
September 1, 2037	$ 95,000
September 1, 2038 (Maturity)	$ 100,000

$215,000 Term Bonds Maturing on September 1, 2040

Mandatory Redemption Date	Principal Amount
September 1, 2039	$ 105,000
September 1, 2040 (Maturity)	$ 110,000

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

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 issued pursuant to: (i) the Texas Constitution and general laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended; (ii) an election held within the District on November 4, 2014; (iii) the Bond Order adopted by the Board; and (iv) an order of the TCEQ.

At an election held within the District on November 4, 2014, voters of the District authorized the District's issuance of: $90,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $135,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District; $45,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by District for parks and recreational facilities; $55,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; and $82,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The District may issue additional bonds, with the approval of the TCEQ (with respect to the Utility System and parks), as necessary to provide improvements and facilities consistent with the purposes for which the District was created, and the Board and voters could authorize additional amounts.

Source of Payment

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 located within the District. In the Bond Order, 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, and certain fees Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Utility Bonds, any additional bonds payable from taxes that may be issued for the Utility System, and fees of the Paying Agent/Registrar.

Bonds issued for the Utility System and for the Road System are each supported by the proceeds of a separate unlimited tax levied annually by the District. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on other bonds issued by the District for the Road System. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the Bonds or any bonds issued by the District for the Utility System.

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

Short-Term Debt

The District issued its $1,270,000 Bond Anticipation Note, Series 2023 (the "BAN"), dated November 3, 2023. The BAN matures on November 1, 2024, and accrues interest at a rate of 5.85% per annum, calculated on the basis of 360-day year and actual days elapsed. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Bond Proceeds."

Outstanding Bonds

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System: $3,025,000 Unlimited Tax Bonds, Series 2018 and $1,540,000 Unlimited Tax Bonds, Series 2019. As of the Date of Delivery, $4,055,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Utility Bonds"). The District has previously issued three series of unlimited tax bonds for the purpose of acquiring or constructing the Road System: $2,655,000 Unlimited Tax Road Bonds, Series 2020, $2,420,000 Unlimited Tax Road Bonds, Series 2021, and $2,820,000 Unlimited Tax Road Bonds, Series 2022. As of the Date of Delivery, $7,455,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Road Bonds"). The Outstanding Utility Bonds and the Outstanding Road Bonds are herein referred to collectively as the "Outstanding 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 Houston, 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 Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Issuance of Additional Debt

The Bonds represent the sixth series of bonds issued by the District and the third issuance of bonds for construction of the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $83,035,000 for the Utility System; $135,000,000 for the refunding of bonds issued for the Utility System; $30,000,000 for parks and recreational facilities; $45,000,000 for the refunding of bonds issued by the District for parks and recreational facilities; $47,105,000 for the Road System; and $82,500,000 for the refunding of bonds issued for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System or for parks and recreation, approved by the TCEQ).

According to the Engineer, following the issuance of the Bonds, the District will owe the Developer approximately $4,134,413 for its expenditures to construct the Utility System, parks and recreational facilities in the District, and the Road System.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance.

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.

Consolidation

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) 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 Order 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 Order into the Road System Debt Service Fund and the Utility System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Order, 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 Order 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.

[*Remainder of this page intentionally left blank.*]

Use and Distribution of Bond Proceeds

Proceeds of the Bonds will be used to reimburse the Developer for the costs to construct certain water supply, sanitary sewer, and drainage facilities serving the District as set out below. Proceeds from the Bonds will also be used to pay BAN interest, developer interest, and costs of issuance of the Bonds.

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Cimarron Creek Section 2 – W, WW, & D	$ 1,217,817
2. Cimarron Creek Section 3 – W, WW, & D	523,974
Total Developer Contribution Items	$ 1,741,791
B. District Items	
1. None	$ –
Total District Items	$ –
Total Construction Costs	**$ 1,741,791**
Non-Construction Costs	
A. Legal Fees	$ 72,000
B. Fiscal Agent Fees	48,000
C. Interest	
1. BAN Interest	48,498
2. Developer Interest	242,684
D. Bond Discount	71,957
E. Bond Issuance Expenses	47,704
F. BAN Issuance Expenses	50,746
G. Bond Application Report Costs	50,000
H. Attorney General Fee (0.10% or $9,500 max)	2,400
I. TCEQ Bond Issuance Fee (0.25%)	6,000
J, Contingency (a)	18,220
Total Non-Construction Costs	**$ 658,209**
TOTAL BOND ISSUE REQUIREMENT	**$ 2,400,000**

(a) Represents the difference between the estimated and actual amounts of BAN Interest and Bond Discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. 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 Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated July 14, 2014, and by a confirmation election held within the District on November 4, 2014. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts and is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes.

Furthermore, in 2015, legislation was enacted granting the District the power to construct and finance roads under Article III, Section 52 of the Texas Constitution. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

Description

The District comprises 122.74 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Magnolia Independent School District. The District is located approximately 35 miles north of the City of Houston, Texas; approximately 10 miles southwest of the City; and approximately 9 miles east of the City of Magnolia, Texas. The District is adjacent to the master-planned community of The Woodlands and lies approximately eight miles west of the intersection of Interstate Highway 45 and Farm to Market Road 1488. The District is situated south of Farm to Market Road 1488, west of Tamina Road, east of Lake Windcrest, and north of Miller's Crossing.

Management of the District

The District is governed by the Board of Directors (the "Board"), consisting of five directors, which has 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 May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term Expires May
Daniel Reid	President	2028
John McCullar Jr.	Vice President	2028
Todd David	Secretary	2026
Scott Gilreath	Assistant Secretary	2026
Brian Mills	Assistant Secretary	2026

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Utility Tax Service, LLC (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is L&S District Services, LLC.

Auditor: The District engaged McGrath & Co., PLLC, to audit its financial statements for the fiscal year ended August 31, 2023. Said financial statements are attached hereto as "APPENDIX A."

Engineer: The District's engineer is Quiddity Engineering, LLC. (the "Engineer").

Bond Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale, and delivery of the Bonds.

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

[*Remainder of this page intentionally left blank.*]

DEVELOPMENT OF THE DISTRICT

Cimarron Creek

The District is part of the master-planned residential community known as Cimarron Creek. Cimarron Creek is located immediately south of Farm to Market Road 1488 and includes amenities such as a community recreation center, swimming pool, and playgrounds.

Status of Development within the District

To date, all 319 single-family lots in the District have been developed within the following single-family residential subdivisions: Cimarron Creek, Sections 1, 2, 3, 4, 5, 6, 7, and 8. Said subdivisions encompass approximately 91.14 total acres within the District. As of April 1, 2024, the District included approximately 319 completed homes (approximately 319 occupied, 0 unoccupied, and 0 model homes), approximately 0 homes under construction and approximately 0 vacant, developed lot. The remainder of the lands within the District includes approximately 0 undeveloped but developable acres and approximately 31.60 undevelopable acres for use as a tree park and floodplain (25.26 acres) and detention (6.34 acres).

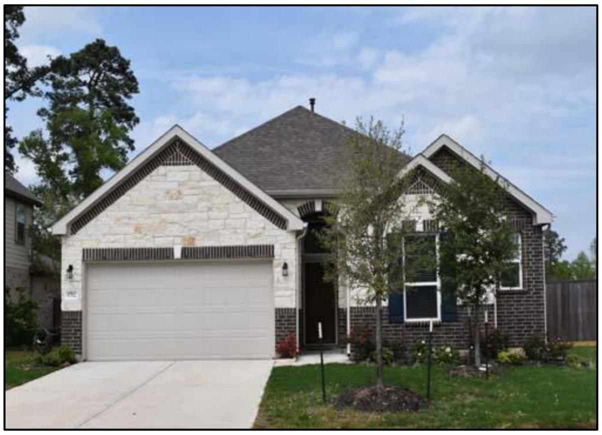
The table below summarizes the status of development and land use within the District as of April 1, 2024.

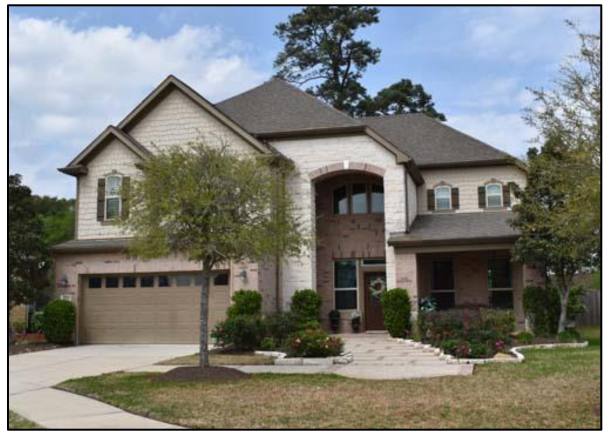
Cimarron Creek	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Section 1	18.83	8	8	0	0
Section 2	11.32	42	42	0	0
Section 3	12.04	50	50	0	0
Section 4	6.85	32	32	0	0
Section 5	11.08	52	52	0	0
Section 6	8.85	44	44	0	0
Section 7	12.58	50	50	0	0
Section 8	9.59	41	41	0	0
Totals	91.14	319	319	0	0
Developed	91.14				
Undevelopable	31.60				
Remaining Developable	0				
District Total	122.74				

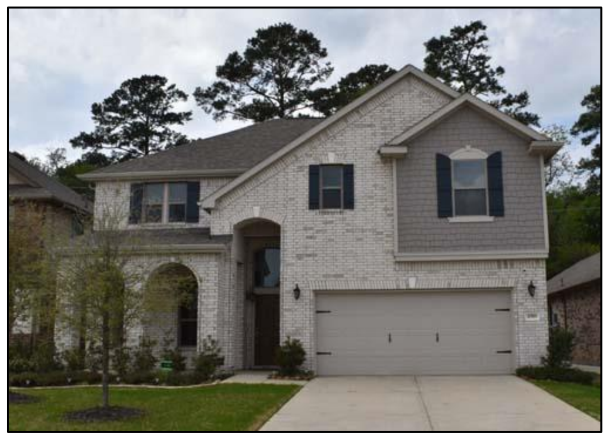
[*Remainder of this page intentionally left blank.*]

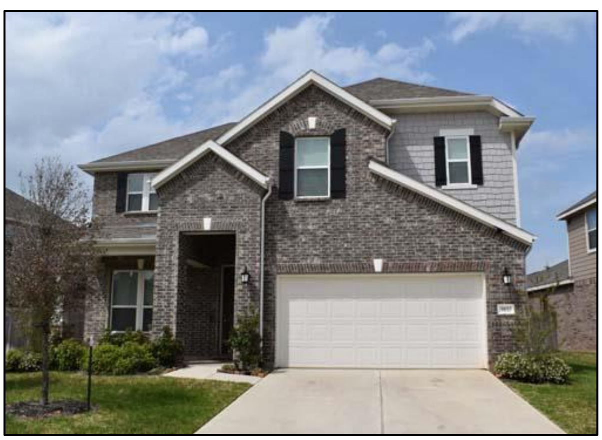
PHOTOGRAPHS TAKEN IN THE DISTRICT

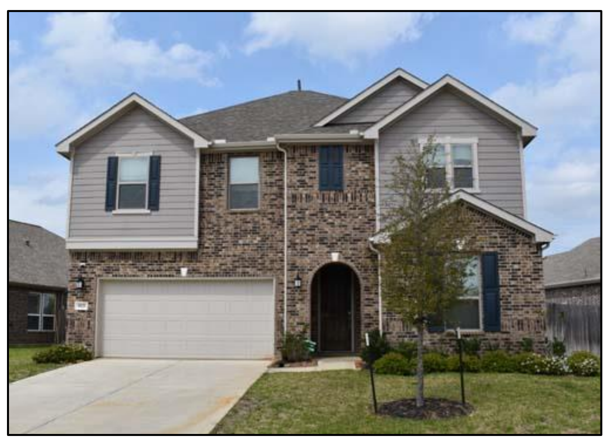
(March 2024)





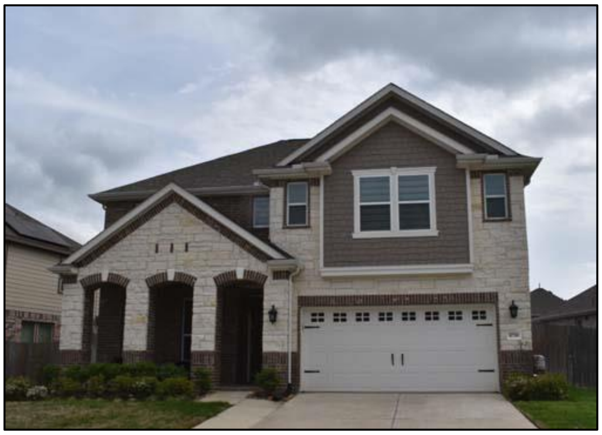


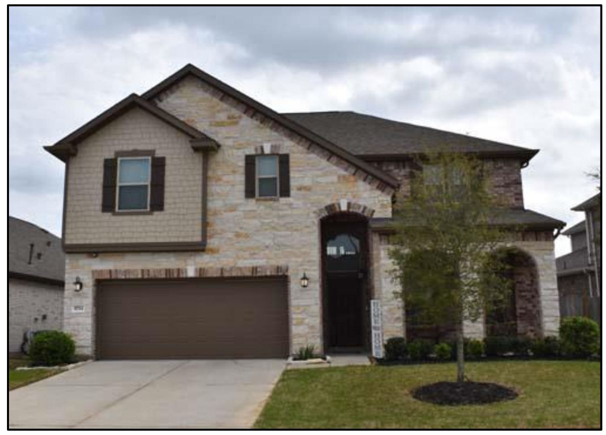


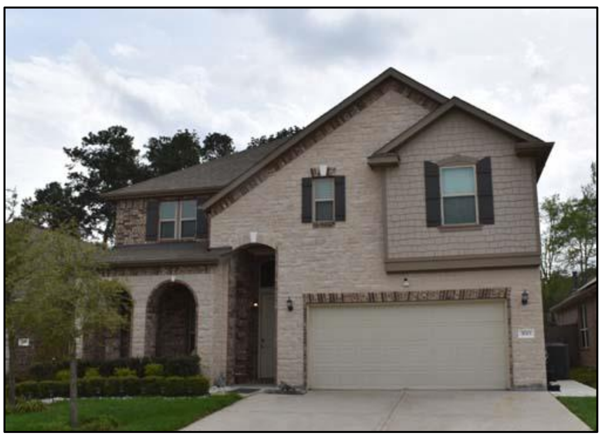


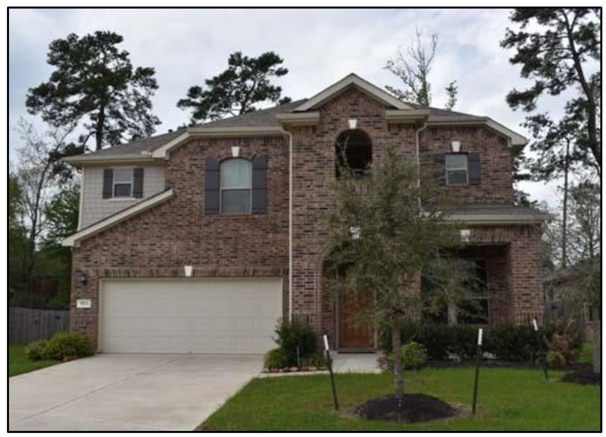
PHOTOGRAPHS TAKEN IN THE DISTRICT

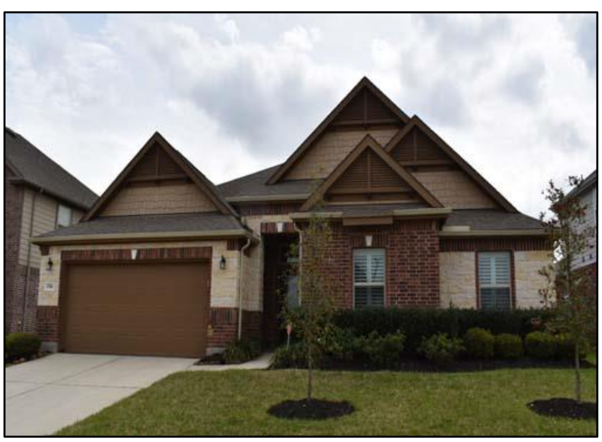
(March 2024)

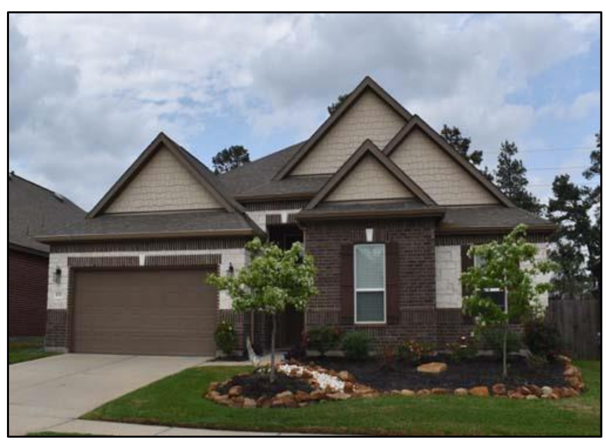












PRINCIPAL LANDOWNER/DEVELOPER

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 (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

The Developer

The developer and principal owner of land in the District is KB Home Lone Star Inc., a Texas corporation (the "Developer") and publicly traded company on the New York Stock Exchange under the ticker symbol "KBH." For more information, visit www.kbhome.com. KB Homes has completed development of the original single-family subdivisions in the district known as Cimarron Creek.

THE ROAD SYSTEM

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

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, sanitary sewer, and storm drainage system serving the District, as it now exists or as it may be expanded from time to time, is subject to regulatory jurisdiction of federal, state, and local authorities. The TCEQ exercises continuing, supervisory authority over the water and sanitary service serving the District. Construction of water, sanitary sewer, and storm drainage facilities is subject to the regulatory authority of the District and the County. The TCEQ also exercises regulatory jurisdiction over portions of the water and sanitary sewer facilities.

Water Supply

The District obtains its current and ultimate water supply capacity through contractual agreement. Effective March 17, 2014, the Developer entered into that certain Wholesale Agreement for Water Service with Quadvest, L.P., holder of a certificate of convenience and necessity for water and owner of a water supply system in the County. On July 24, 2014, the Developer assigned its rights under the agreement to the District.

Under the agreement, Quadvest, L.P. agrees to provide wholesale water service to the District, and District agrees to purchase 325 equivalent single-family connections ("esfc") of capacity in the water supply system owned by Quadvest, L.P. The District's water supply is currently capable of serving 325 esfc, which is sufficient to serve full build out of the District.

Wastewater Treatment

The District obtains its current and ultimate wastewater capacity through that Wholesale Agreement for Wastewater Service with Woodland Oaks Utility, L.P., dated effective April 28, 2014. The wastewater agreement was originally executed by and between the Developer and Woodland Oaks Utility, L.P. On July 24, 2014, the Developer assigned its rights under the agreement to the District. Under the agreement, the District purchases wastewater capacity capable of serving 325 esfc, which is sufficient to serve full build out of the District. On

July 15, 2022, all of the wastewater assets serving the District were purchased from Woodland Oaks Utility, L.P. by Texas Water Utilities, L.P.

Storm Water Drainage

Natural drainage patterns generally slope from the District to Bear Branch. Storm-water runoff is collected by curb and gutter streets that tie into a system of underground storm sewer lines that flow into detention and outfall to Bear Branch.

100-Year Flood Plain

According to the District's Engineer, portions of the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map No. 48339C0505G dated August 18, 2014. No lots are developed nor are any expected to be developed on the acreage that is located within the boundary of the 100-year flood plain.

[*Remainder of this page intentionally left blank.*]

General Fund Operating Statement

The following is a summary of the District's general fund activity for the last five fiscal years. For the District's fiscal years which ended on and before August 31, 2023, the below summary has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX A." For the District's fiscal year ending August 31, 2024, the figures below are unaudited and have been prepared by the Financial Advisor for inclusion herein based on information obtained from reports of the District's bookkeeper.

		Fiscal Year Ended August 31				
	2024 (a)	2023	2022	2021	2020	2019
Revenues						
Water Service	$ 133,124	$ 188,047	$ 201,944	$ 185,024	$ 144,693	$ 89,716
Sewer Service	154,945	312,571	295,573	268,017	216,053	160,020
Property Taxes	364,931	422,416	334,861	196,710	266,066	248,536
Penalties and Interest	4,705	7,825	10,417	5,150	5,530	9,377
Groundwater Pumpage Fees	6,476	97,580	79,306	64,899	69,097	39,073
Tap Connection and Inspection	450	–	7,140	93,265	48,650	71,740
Miscellaneous	2,430	10,321	4,095	10,130	4,122	3,801
Investment Earnings	19,072	18,854	1,721	458	3,411	2,856
Total Revenues	$ 686,134	$1,057,614	$ 935,057	$ 823,653	$ 757,622	$ 625,119
Expenditures						
Current Service Operations						
Purchased Services	$ 202,877	$ 316,449	$ 312,402	$ 268,015	$ 224,950	$ 157,172
Professional Fees	51,215	74,696	84,115	59,674	61,266	66,004
Contracted Services	58,609	120,263	130,308	181,278	137,813	115,983
Repairs and Maintenance	41,248	87,870	104,893	102,527	79,756	64,044
Utilities	–	2,098	1,810	1,644	1,269	862
Groundwater Pumpage Fees	–	81,377	77,480	75,881	55,507	42,453
Administrative	4,282	13,759	17,011	17,617	15,565	11,388
Other	9,287	5,519	6,432	5,815	3,774	3,732
Total Expenditures	$ 367,518	$ 702,031	$ 734,451	$ 712,451	$ 579,900	$ 461,638
Revenues Over (Under) Exp.	$ 318,616	$ 355,583	$ 200,606	$ 111,202	$ 177,722	$ 163,481
Beginning of Year Fund Balance	$1,176,661	$ 821,078	$ 620,472	$ 509,270	$ 331,548	$ 168,067
End of the Year Fund Balance	$1,495,277	$1,176,661	$ 821,078	$ 620,472	$ 509,270	$ 331,548

(a) Unaudited figures. As of April 25, 2024.

DISTRICT DEBT

General

2023 Taxable Assessed Valuation	$ 103,983,475	(a)
Estimate of Value as of May 1, 2023	$ 105,079,264	(b)
2024 Preliminary Taxable Assessed Valuation	$ 109,637,125	(c)
Direct Debt		
The Outstanding Bonds (as of the Date of Delivery)	$ 11,510,000	
The Bonds	$ 2,400,000	
Total	$ 13,910,000	
Estimated Overlapping Debt	$ 4,044,243	(d)
Total Direct and Estimated Overlapping Debt	$ 17,954,243	(d)
Direct Debt Ratio:		
As a Percentage of 2023 Taxable Assessed Valuation	13.38 %	
As a Percentage of Estimate of Value as of May 1, 2023	13.24 %	
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	12.69 %	
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of 2023 Taxable Assessed Valuation	17.27 %	
As a Percentage of Estimate of Value as of May 1, 2023	17.09 %	
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	16.38 %	
Utility System Debt Service Fund Balance (as of April 25, 2024)	$ 540,697	(e)
Road System Debt Service Fund Balance (as of April 25, 2024)	$ 473,814	(f)
Operating Fund Balance (as of April 25, 2024)	$ 1,421,620	
Utility System Capital Projects Fund Balance (as of April 25, 2024)	$ 39,929	
Road System Capital Projects Fund Balance (as of April 25, 2024)	$ 7,618	
2023 Tax Rate		
Utility System Debt Service	$ 0.44	
Road System Debt Service	$ 0.44	
Maintenance and Operations	$ 0.38	
Total	$ 1.26	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048)	$ 796,226	(g)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042)	$ 933,400	(g)
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048) at 95% Tax Collections		
Based on 2023 Taxable Assessed Valuation	$ 0.81	
Based on Estimate of Value as of May 1, 2023	$ 0.80	
Based on 2024 Preliminary Taxable Assessed Valuation	$ 0.77	
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042) at 95% Tax Collections		
Based on 2023 Taxable Assessed Valuation	$ 0.95	
Based on Estimate of Value as of May 1, 2023	$ 0.94	
Based on 2024 Preliminary Taxable Assessed Valuation	$ 0.90	

(a) Represents the taxable amount of the certified assessed valuation of taxable property in the District as of January 1, 2023, as provided by the Appraisal District 2023 appraisal rolls. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This estimate reflects the addition of the taxable value from new construction within the District from January 1, 2022, to May 1, 2023. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by the Appraisal District as the preliminary estimate of assessed value as of January 1, 2024. No taxes will be levied on such preliminary estimate of value, which is subject to protest by landowners. See "TAXING PROCEDURES."

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

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the Road System.

(f) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System, such as the Bonds.

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

Debt Service Requirement Schedule

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds and the principal and estimated interest requirements for the Bonds, assuming the Bonds are issued at an estimated interest rate of 4.50%. Totals may not sum due to rounding.

Calendar Year	Outstanding Bonds Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest	Plus: The Bonds Debt Service	Combined Total Debt Service
2024	$ 541,180	$ 65,000	$ 19,523	$ 84,523	$ 625,703
2025	724,529	55,000	102,263	157,263	881,791
2026	731,241	60,000	98,688	158,688	889,929
2027	727,141	60,000	94,788	154,788	881,929
2028	727,506	65,000	90,888	155,888	883,394
2029	734,401	65,000	86,663	151,663	886,064
2030	731,709	70,000	82,600	152,600	884,309
2031	733,359	70,000	78,400	148,400	881,759
2032	740,134	75,000	75,600	150,600	890,734
2033	746,161	80,000	72,600	152,600	898,761
2034	751,281	85,000	69,400	154,400	905,681
2035	750,331	85,000	66,000	151,000	901,331
2036	753,763	90,000	62,600	152,600	906,363
2037	756,406	95,000	59,000	154,000	910,406
2038	758,081	100,000	55,200	155,200	913,281
2039	768,944	105,000	51,200	156,200	925,144
2040	768,681	110,000	47,000	157,000	925,681
2041	767,363	115,000	42,600	157,600	924,963
2042	775,400	120,000	38,000	158,000	933,400
2043	557,263	125,000	33,200	158,200	715,463
2044	567,000	130,000	28,200	158,200	725,200
2045	470,925	135,000	23,000	158,000	628,925
2046	322,450	140,000	17,600	157,600	480,050
2047	187,200	145,000	12,000	157,000	344,200
2048	–	155,000	6,200	161,200	161,200
Total	$ 16,092,449	$ 2,400,000	$ 1,413,210	$ 3,813,210	$ 19,905,659

Average Annual Debt Service Requirement (2024–2048) $796,226

Maximum Annual Debt Service Requirement (2042) $933,400

[*Remainder of this page intentionally left blank.*]

Direct and Estimated 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	Outstanding Debt March 31, 2024	Overlapping Debt Percent	Overlapping Debt Amount
Montgomery County	$ 417,980,000	0.11%	$ 462,204
Magnolia Independent School District	311,140,000	1.09%	3,399,733
Lone Star College System District	542,435,000	0.03%	182,307
Total Estimated Overlapping Debt			$ 4,044,243
Direct Debt (a)			$ 13,910,000
Total Direct and Estimated Overlapping Debt (a)			$ 17,954,243

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):

As a Percentage of 2023 Taxable Assessed Valuation	13.38 %
As a Percentage of Estimate of Value as of May 1, 2023	13.24 %
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	12.69 %

Ratio of Direct and Estimated Overlapping Debt (a):

As a Percentage of 2023 Taxable Assessed Valuation	17.27 %
As a Percentage of Estimate of Value as of May 1, 2023	17.09 %
As a Percentage of 2024 Preliminary Taxable Assessed Valuation	16.38 %

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the Road System (and to pay the expenses of assessing and collecting such taxes). See "RISK FACTORS – Future Debt." The Board is also authorized to levy an annual ad valorem tax rate, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District may hereafter issue for the Utility System and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order 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. See "TAX DATA – Maintenance and Operations Taxes."

Property Tax Code and County-Wide Appraisal District

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

The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Montgomery Central Appraisal District (the "Appraisal District"). The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the 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.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call upon petition by twenty percent (20%) of the qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable 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 Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads 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 District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County 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 ten percent (10%) 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.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

Reappraisal of Property

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, 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 that 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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2023 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance and operations 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 twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property 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, may be rejected.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

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." In the Bond Order, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "RISK FACTORS."

Tax Rate Limitation

Debt Service: .... Unlimited (no legal limit as to rate or amount).
Maintenance and Operation – General: .... $1.50 per $100 taxable assessed valuation.
Maintenance and Operation – Parks & Recreation: .... $0.10 per $100 taxable assessed valuation.

Debt Service Taxes

The Board covenants in the Bond Order 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. For the 2023 tax year, the District levied a tax in the amount of $0.44 for payment of Utility System debt service on the Outstanding Utility Bonds and a tax in the amount of $0.44 for payment of Road System debt service on the Outstanding Road Bonds. Such tax is in addition to taxes that the District is authorized to levy for maintenance and operation purposes.

Maintenance and Operations Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance and operations tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance and operations tax in an amount not to exceed $1.50 per $100 of assessed valuation. For the 2023 tax year, the District levied a tax in the amount of $0.38 for maintenance and operations purposes. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any parity bonds which may be issued in the future. See "Tax Rate Distribution" below.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

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 twenty percent (20%) penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Historical Tax Collections

The following table illustrates the tax collection history of the District for the 2019–2023 tax years:

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 03/31/24
2019	$ 38,389,180	1.350	$ 518,254	98.62%	2020	100.00%
2020	50,800,964	1.350	685,813	99.56%	2021	100.00%
2021	67,271,125	1.330	894,706	99.62%	2022	100.00%
2022	94,793,420	1.280	1,213,356	99.66%	2023	100.00%
2023	103,983,475	1.260	1,310,192	95.03% (a)	2024	95.03% (a)

(a) Collections as of March 31, 2024.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2019–2023 tax years.

	2023	2022	2021	2020	2019
Utility System Debt Service	$0.440	$0.305	$0.380	$0.670	$0.670
Road System Debt Service	0.440	0.530	0.450	0.300	0.000
Maintenance & Operation	0.380	0.445	0.500	0.380	0.680
Total	$1.260	$1.280	$1.330	$1.350	$1.350

Analysis of Tax Base

The following represents the types of property comprising the District taxable assessed value for each of the 2019–2023 tax years.

Type of Property	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation	2019 Taxable Assessed Valuation
Land	$ 22,281,010	$ 19,086,310	$ 15,350,590	$ 11,929,220	$ 9,702,690
Improvements	85,669,070	79,056,720	53,877,140	39,641,120	29,269,370
Personal Property	56,395	56,831	106,257	137,334	361,975
Exemptions	(4,023,000)	(3,406,441)	(2,062,862)	(906,710)	(944,855)
Total	$ 103,983,475	$ 94,793,420	$ 67,271,125	$ 50,800,964	$ 38,389,180

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2023:

Taxpayer	Type of Property	Assessed Valuation 2023 Tax Roll	Percent of District 2023 Value
Homeowner	Land & Improvements	$ 703,570	0.68%
RM1 STF Propco B LP	Land, Improvements & Personal	636,580	0.61%
Homeowner	Land & Improvements	467,280	0.45%
Homeowner	Land & Improvements	466,280	0.45%
Homeowner	Land & Improvements	460,550	0.44%
Homeowner	Land & Improvements	445,450	0.43%
Homeowner	Land & Improvements	441,500	0.42%
Homeowner	Land & Improvements	438,990	0.42%
Homeowner	Land & Improvements	434,370	0.42%
Homeowner	Land & Improvements	432,500	0.42%
		$ 4,927,070	4.74%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's 2023 Taxable Assessed Valuation ($103,983,475), the Estimate of Value as of May 1, 2023 ($105,079,264), and the 2024 Preliminary Taxable Assessed Valuation ($109,637,125). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048)	$796,226
Debt Service Tax Rate of $0.81 on the 2023 Taxable Assessed Valuation produces	$800,153
Debt Service Tax Rate of $0.80 on the Estimate of Value as of May 1, 2023, produces	$798,602
Debt Service Tax Rate of $0.77 on the 2024 Preliminary Taxable Assessed Valuation produces	$801,996
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2042)	$933,400
Debt Service Tax Rate of $0.95 on the 2023 Taxable Assessed Valuation produces	$938,451
Debt Service Tax Rate of $0.94 on the Estimate of Value as of May 1, 2023, produces	$938,358
Debt Service Tax Rate of $0.90 on the 2024 Preliminary Taxable Assessed Valuation produces	$937,397

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 – Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes.

Set forth below is an estimation of all 2023 tax rates 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. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2023 Tax Rate
Montgomery County	$0.369600
Montgomery County Hospital District	0.049800
Montgomery County Emergency Services District No. 10	0.087900
Magnolia Independent School District	0.963800
Lone Star College System District	0.107600
The District	1.260000
Total	$2.838700

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 interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax.

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

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President or Vice President and Secretary or any Assistant Secretary of the Board, concurrently with delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The statutes, regulations published rulings, and court decisions on which such opinion, is based are subject to change.

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

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the

Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

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

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

Possible Tax Legislation

If enacted, potential tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

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

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code, as amended. The District will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District, and entities subordinate to the District under the Code, during calendar year 2024 is not expected to exceed $10,000,000 and that the District and entities subordinate to the District have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2024. Pursuant to Section 265 of the Code, a qualifying financial institution may be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated bank-qualified investments. Notwithstanding this exception, financial institutions acquiring the bonds will be subject to a 20% disallowance of allocable interest expense.

The discussion contained herein may not be exhaustive. Investors, including those who are subject to special provisions of the code, should consult their own tax advisors as to the tax treatment which may be anticipated to result from the purchase, ownership, and disposition of tax-exempt obligations before determining whether to purchase the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Under the covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its function as a repository, through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type under the heading "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years. See "DISTRICT DEBT" and "TAX DATA"

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 August 31. Accordingly, it must provide updated information by the last day in February in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, 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, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the MSRB consistent with 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 Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating 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 specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although 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 Undertaking

During the last five years, the District has complied in all material respects with all continuing disclosure covenants made by it in accordance with the Rule.

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, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Road System and the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," "THE ROAD SYSTEM" and "THE UTILITY SYSTEM," has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

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

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 notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 141 as of the date shown on the cover page hereof.

/s/ Daniel Reid
President, Board of Directors
Montgomery County Municipal Utility District No. 141

ATTEST:

/s/ Todd David
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 141

APPENDIX A

Financial Statements of the District

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 141

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

August 31, 2023

Table of Contents

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

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 141
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. 141 (the "District"), as of and for the year ended August 31, 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 Montgomery County Municipal Utility District No. 141, as of August 31, 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.

Houston, Texas
January 18, 2024

(This page intentionally left blank)

Management's Discussion and Analysis

(This page intentionally left blank)

Using this Annual Report

Within this section of the financial report of Montgomery County Municipal Utility District No. 141 (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 August 31, 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 August 31, 2023, was negative $7,944,478. This amount 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 August 31, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	$ 1,728,982	$ 1,268,687
Capital assets	7,589,781	7,747,628
Total assets	9,318,763	9,016,315
Current liabilities	529,049	445,889
Long-term liabilities	16,734,192	17,072,889
Total liabilities	17,263,241	17,518,778
Net position		
Net investment in capital assets	(2,505,979)	(2,520,145)
Restricted	371,535	315,080
Unrestricted	(5,810,034)	(6,297,398)
Total net position	$ (7,944,478)	$ (8,502,463)

The total net position of the District increased during the current fiscal year by $557,985. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2023	2022
Revenues		
Water and sewer service	$ 500,618	$ 497,517
Property taxes, penalties and interest	1,233,128	913,124
Other	134,191	92,735
Total revenues	1,867,937	1,503,376
Expenses		
Current service operations	750,413	755,190
Debt interest and fees	385,389	276,508
Developer interest		547,440
Debt issuance costs		490,071
Depreciation and amortization	174,150	173,788
Total expenses	1,309,952	2,242,997
Change in net position before other item	557,985	(739,621)
Other item		
Transfers to other governments		(133,690)
Change in net position	557,985	(873,311)
Net position, beginning of year	(8,502,463)	(7,629,152)
Net position, end of year	$ (7,944,478)	$ (8,502,463)

Financial Analysis of the District's Funds

The District's combined fund balances, as of August 31, 2023, were $1,545,714, which consists of $1,176,661 in the General Fund, $365,009 in the Debt Service Fund and $4,044 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of August 31, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 1,353,403	$ 930,003
Total liabilities	$ 174,049	$ 105,889
Total deferred inflows	2,693	3,036
Total fund balance	1,176,661	821,078
Total liabilities, deferred inflows and fund balance	$ 1,353,403	$ 930,003

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

	2023	2022
Total revenues	$ 1,057,614	$ 935,057
Total expenditures	(702,031)	(734,451)
Revenues over expenditures	$ 355,583	$ 200,606

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and groundwater pumpage fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of August 31, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 371,535	$ 315,080
Total deferred inflows	$ 6,526	$ 6,573
Total fund balance	365,009	308,507
Total deferred inflows and fund balance	$ 371,535	$ 315,080

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

	2023	2022
Total revenues	$ 810,713	$ 561,714
Total expenditures	(754,211)	(571,307)
Revenues over/(under) expenditures	$ 56,502	$ (9,593)

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in changes 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 August 31, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 4,044	$ 23,604
Total fund balance	$ 4,044	$ 23,604

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

	2023	2022
Total revenues	$ -	$ -
Total expenditures	(19,560)	(5,221,801)
Revenues under expenditures	(19,560)	(5,221,801)
Other changes in fund balance		5,240,000
Net change in fund balance	$ (19,560)	$ 18,199

The District did not have considerable capital asset activity in the current year. The District's capital asset activity in the prior year was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Road Bonds and Series 2021 Unlimited Tax Road Bonds.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $106,173 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 developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at August 31, 2023 and 2022 are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	$ 1,280,566	$ 1,280,566
Capital assets being depreciated/amortized		
Infrastructure	6,321,555	6,305,252
Interest in joint facilities	1,302,138	1,302,138
	7,623,693	7,607,390
Less accumulated depreciation/amortization		
Infrastructure	(1,033,797)	(893,318)
Interest in joint facilities	(280,681)	(247,010)
	(1,314,478)	(1,140,328)
Depreciable/amortizable capital assets, net	6,309,215	6,467,062
Capital assets, net	$ 7,589,781	$ 7,747,628

Long-Term Debt and Related Liabilities

As of August 31, 2023, the District owes approximately $5,579,192 to the developer for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. 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 August 31, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	2023	2022
2018	$ 2,690,000	$ 2,780,000
2019	1,365,000	1,410,000
2020 Road	2,420,000	2,495,000
2021 Road	2,275,000	2,345,000
2022 Road	2,760,000	2,820,000
	$ 11,510,000	$ 11,850,000

At August 31, 2023, the District had $85,435,000 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 $135,000,000 for the refunding of such bonds; $30,000,000 for parks and recreational facilities and $45,000,000 for the refunding of such bonds; $47,105,000 for road improvements and $82,500,000 for refunding purposes.

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	$ 1,057,614	$ 1,018,565
Total expenditures	(702,031)	(807,806)
Revenues over expenditures	355,583	210,759
Beginning fund balance	821,078	1,176,661
Ending fund balance	$ 1,176,661	$ 1,387,420

Property Taxes

The District's property tax base decreased approximately $2,683,000 for the 2023 tax year from $94,906,854 to $92,224,335. This decrease was primarily due to decreased property values. For the 2023 tax year, the District has levied a maintenance tax rate of $0.38 per $100 of assessed value; a debt service tax rate of $0.44 per $100 of assessed value; and a road debt service tax rate of $0.44 per $100 of assessed value, for a total combined tax rate of $1.26 per $100 of assessed value. Tax rates for the 2022 tax year were $0.445 per $100 for maintenance and operations; $0.305 per $100 for debt service; and a road debt service tax rate of $0.53 per $100 of assessed value, for a combined total of $1.28 per $100 of assessed value.

(This page intentionally left blank)

Basic Financial Statements

Montgomery County Municipal Utility District No. 141
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 1,018,915	$ 190,550	$ 22,844	$ 1,232,309	$ -	$ 1,232,309
Investments	200,000	175,000		375,000		375,000
Taxes receivable	2,693	6,526		9,219		9,219
Customer service receivables	111,225			111,225		111,225
Internal balances	20,299	(1,499)	(18,800)			
Other receivables	271	958		1,229		1,229
Capital assets not being depreciated					1,280,566	1,280,566
Capital assets, net					6,309,215	6,309,215
Total Assets	$ 1,353,403	$ 371,535	$ 4,044	$ 1,728,982	7,589,781	9,318,763
Liabilities						
Accounts payable	$ 134,595	$ -	$ -	$ 134,595		134,595
Other payables	1,500			1,500		1,500
Customer deposits	37,954			37,954		37,954
Due to developer					5,579,192	5,579,192
Long-term debt						
Due within one year					355,000	355,000
Due after one year					11,155,000	11,155,000
Total Liabilities	174,049			174,049	17,089,192	17,263,241
Deferred Inflows of Resources						
Deferred property taxes	2,693	6,526		9,219	(9,219)	
Fund Balance/Net Position						
Fund Balances						
Restricted		365,009	4,044	369,053	(369,053)	
Unassigned	1,176,661			1,176,661	(1,176,661)	
Total Fund Balances	1,176,661	365,009	4,044	1,545,714	(1,545,714)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,353,403	$ 371,535	$ 4,044	$ 1,728,982		
Net Position						
Net investment in capital assets					(2,505,979)	(2,505,979)
Restricted for debt service					371,535	371,535
Unrestricted					(5,810,034)	(5,810,034)
Total Net Position					$ (7,944,478)	$ (7,944,478)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 141
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended August 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 188,047	$ -	$ -	$ 188,047	$ -	$ 188,047
Sewer service	312,571			312,571		312,571
Property taxes	422,416	792,624		1,215,040	(328)	1,214,712
Penalties and interest	7,825	10,653		18,478	(62)	18,416
Groundwater pumpage fees	97,580			97,580		97,580
Miscellaneous	10,321	13		10,334		10,334
Investment earnings	18,854	7,423		26,277		26,277
Total Revenues	1,057,614	810,713		1,868,327	(390)	1,867,937
Expenditures/Expenses						
Current service operations						
Purchased services	316,449			316,449		316,449
Professional fees	74,696		18,800	93,496		93,496
Contracted services	120,263	15,688		135,951		135,951
Repairs and maintenance	87,870			87,870		87,870
Utilities	2,098			2,098		2,098
Groundwater pumpage fees	81,377			81,377		81,377
Administrative	13,759	13,134		26,893		26,893
Other	5,519		760	6,279		6,279
Debt service						
Principal		340,000		340,000	(340,000)	
Interest and fees		385,389		385,389		385,389
Depreciation/amortization					174,150	174,150
Total Expenditures/Expenses	702,031	754,211	19,560	1,475,802	(165,850)	1,309,952
Revenues Over/(Under) Expenditures	355,583	56,502	(19,560)	392,525	(392,525)	
Change in Net Position					557,985	557,985
Fund Balance/Net Position						
Beginning of the year	821,078	308,507	23,604	1,153,189	(9,655,652)	(8,502,463)
End of the year	$ 1,176,661	$ 365,009	$ 4,044	$ 1,545,714	$ (9,490,192)	$ (7,944,478)

See notes to basic financial statements.

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 141 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated July 2014, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on July 24, 2014 and the first bonds were issued on May 17, 2018.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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.

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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 August 31, 2023, 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.

Depreciable capital assets, which primarily consist of interest in joint facilities and District water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Interest in joint facilities	Remaining life of contract

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources (continued)

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.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 the 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		$ 1,545,714
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 8,904,259	
Less accumulated depreciation/amortization	(1,314,478)	
Change due to capital assets		7,589,781
Amounts due to the District's developer for prefunded construction are recorded as a liability in the *Statement of Net Position* .		(5,579,192)
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.		(11,510,000)
Property taxes and related penalties and interest receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		9,219
Total net position - governmental activities		$ (7,944,478)

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	$	392,525
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 penalties and interest.		(390)
In the *Statement of Activities,* the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.		(174,150)
The payment of principal on long term debt uses financial resources at the fund level, but is recorded as a reduction in the liability on the *Statement of Net Position*.		340,000
Change in net position of governmental activities	$	557,985

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Note 3 – Deposits and Investments (continued)

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 August 31, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value
Certificates of deposit	General	$ 200,000
	Debt Service	175,000
Total		$ 375,000

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at August 31, 2023, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 1,499	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	18,800	Engineering fees 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 August 31, 2023, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 1,280,566	$ -	$ 1,280,566
Capital assets being depreciated/amortized			
Infrastructure	6,305,252	16,303	6,321,555
Interest in joint facilities	1,302,138		1,302,138
	7,607,390	16,303	7,623,693
Less accumulated depreciation/amortization			
Infrastructure	(893,318)	(140,479)	(1,033,797)
Interest in joint facilities	(247,010)	(33,671)	(280,681)
	(1,140,328)	(174,150)	(1,314,478)
Subtotal depreciable capital assets, net	6,467,062	(157,847)	6,309,215
Capital assets, net	$ 7,747,628	$ (157,847)	$ 7,589,781

Depreciation/amortization expense for the current year was $174,150.

Note 6 – Due to Developer

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

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

Due to developer, beginning of year	$ 5,562,889
Adjustments to developer funded capital assets	16,303
Due to developer, end of year	$ 5,579,192

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 11,510,000
Due within one year	$ 355,000

The District's bonds payable at August 31, 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
2018	$ 2,690,000	$ 3,025,000	2.35% - 4.00%	September 1, 2020/2042	March 1, September 1	September 1, 2023
2019	1,365,000	1,540,000	2.00% - 3.25%	September 1, 2020/2044	March 1, September 1	September 1, 2024
2020 Road	2,420,000	2,655,000	2.00% - 4.50%	September 1, 2021/2045	March 1, September 1	September 1, 2025
2021 Road	2,275,000	2,420,000	2.00% - 4.50%	September 1, 2022/2046	March 1, September 1	September 1, 2026
2022 Road	2,760,000	2,820,000	3.00% - 4.00%	September 1, 2023/2047	March 1, September 1	September 1, 2030
	$ 11,510,000					

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 August 31, 2023, the District had authorized but unissued bonds in the amount of $85,435,000 for water, sewer and drainage facilities and $135,000,000 for the refunding of such bonds; $30,000,000 for park and recreational facilities and $45,000,000 for the refunding of such bonds; $47,105,000 for road facilities and $82,500,000 for the refunding of such bonds.

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

Bonds payable, beginning of year	$ 11,850,000
Bonds retired	(340,000)
Bonds payable, end of year	$ 11,510,000

Note 7 – Long-Term Debt (continued)

The debt service payment due September 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of August 31, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	$ 355,000	$ 372,360	$ 727,360
2025	365,000	359,529	724,529
2026	385,000	346,242	731,242
2027	395,000	332,141	727,141
2028	410,000	317,507	727,507
2029	430,000	304,401	734,401
2030	440,000	291,708	731,708
2031	455,000	278,358	733,358
2032	475,000	265,134	740,134
2033	495,000	251,161	746,161
2034	515,000	236,281	751,281
2035	530,000	220,331	750,331
2036	550,000	203,762	753,762
2037	570,000	186,406	756,406
2038	590,000	168,082	758,082
2039	620,000	148,945	768,945
2040	640,000	128,681	768,681
2041	660,000	107,363	767,363
2042	690,000	85,406	775,406
2043	495,000	62,263	557,263
2044	520,000	47,000	567,000
2045	440,000	30,927	470,927
2046	305,000	17,450	322,450
2047	180,000	7,200	187,200
	$ 11,510,000	$ 4,768,638	$ 16,278,638

Note 8 – Property Taxes

On November 14, 2014, 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. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for the maintenance of parks and recreational facilities limited to $0.10 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.

Note 8 – Property Taxes (continued)

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 $1.28 per $100 of assessed value, of which $0.445 was allocated to maintenance and operations, $0.305 was allocated to debt service and $0.53 was allocated to road debt service. The resulting tax levy was $1,214,808 on the adjusted taxable value of $94,906,854.

Note 9 – Wholesale Agreement for Water Service

On March 17, 2014, KB Home Lone Star, Inc. ("KB Home") and Quadvest, L.P. ("Quadvest") entered into a Wholesale Agreement for Water Services (the "Agreement") for the purchase of wholesale water supply service necessary to serve 325 equivalent single-family connections within the District. The District has assumed all rights and obligations of KB Home pursuant to this Agreement.

KB Homes was responsible for the design and construction of the interconnect facilities necessary to connect the District to Quadvest's water system and the internal water distribution system. The District has paid Quadvest $487,500 for capacity in the system.

As of August 31, 2023, the wholesale water service charge was $4.50 per 1,000 gallons of metered water flow. During the current year, the District paid Quadvest $119,934 for wholesale water service.

Note 10 – Wholesale Agreement for Wastewater Service

On April 28, 2014, KB Homes and Woodland Oaks Utility, L.P. ("Woodland") entered into a Wholesale Agreement for Wastewater Services (the "Agreement") for the purchase of wholesale wastewater service necessary to serve 325 equivalent single-family connections within the District. The District has assumed all rights and obligations of KB Home pursuant to the Agreement. During the current year, Woodland was purchased by Texas Water Utilities ("TWU") and executed an Assignment and Assumption Agreement whereby Woodland transferred all of its rights and obligations under the Wholesale Agreement for Wastewater Services to TWU.

KB Homes was responsible for the design and construction of the interconnect facilities necessary to connect the District to TWU's wastewater treatment and collection system. Additionally, the District is responsible for a pro-rata share of construction costs incurred for any necessary expansion of the sewer plant. As of August 31, 2023, the District has paid initial capital recovery charges of $145,750 and $685,322 for expansion of the plant.

As of August 31, 2023, the wholesale wastewater service charge was $51.39 per connection plus a 1% TCEQ pass-through charge. During the current year, the District recorded expenses in the amount of $196,515 for wholesale wastewater service.

Note 11 – Risk Management

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

Note 12 – Subsequent Event

On November 3, 2023, the District issued its $1,270,000 Series 2023 Bond Anticipation Note ("BAN") at a net effective interest rate of 5.85%, which is due on November 1, 2024. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District.

(This page intentionally left blank)

Required Supplementary Information

Montgomery County Municipal Utility District No. 141
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended August 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 194,300	$ 188,047	$ (6,253)
Sewer service	314,300	312,571	(1,729)
Property taxes	411,500	422,416	10,916
Penalties and interest	5,000	7,825	2,825
Groundwater pumpage fees	82,465	97,580	15,115
Miscellaneous	9,500	10,321	821
Investment earnings	1,000	18,854	17,854
Total Revenues	1,018,065	1,057,614	39,549
Expenditures			
Current service operations			
Purchased services	324,400	316,449	7,951
Professional fees	93,200	74,696	18,504
Contracted services	133,260	120,263	12,997
Repairs and maintenance	101,735	87,870	13,865
Utilities	1,780	2,098	(318)
Groundwater pumpage fees	85,500	81,377	4,123
Administrative	20,700	13,759	6,941
Other	8,080	5,519	2,561
Total Expenditures	768,655	702,031	66,624
Revenues Over Expenditures	249,410	355,583	106,173
Fund Balance			
Beginning of the year	821,078	821,078	
End of the year	$ 1,070,488	$ 1,176,661	$ 106,173

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

(This page intentionally left blank)

Texas Supplementary Information

Montgomery County Municipal Utility District No. 141
TSI-1. Services and Rates
August 31, 2023

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

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

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

[ ] Other (Specify): ______________________

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 26.00	5,000	Y	$ 5.00	5,000	to	no limit
Wastewater:	$ 80.85	N/A	Y	$ -	-	to	no limit
SJRA fee:	$ -	N/A	N	$ 2.99	1,000	to	no limit
LSGCD fee*:	$ -	N/A	N	$ 0.085	1,000	to	no limit

A 1% TCEQ fee is assessed on the total amount of the customer bill.

*Lone Star Groundwater Conservation District ("LSGCD") fee

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

Total charges per 10,000 gallons usage: Water $ 82.00 Wastewater $ 81.66

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"	336	334	x 1.0	334
1"			x 2.5	
1.5"			x 5.0	
2"	2	2	x 8.0	16
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	338	336		350
Total Wastewater	322	320	x 1.0	320

See accompanying auditor's report.

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

Gallons pumped into system:	29,667,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	31,819,000	107.25%

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 Conroe

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

If Yes, by whom? ______

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-2 General Fund Expenditures
For the Year Ended August 31, 2023

Purchased services	$ 316,449
Professional fees	
Legal	35,246
Audit	12,500
Engineering	26,950
	74,696
Contracted services	
Bookkeeping	11,822
Operator	39,815
Garbage collection	68,626
	120,263
Repairs and maintenance	87,870
Utilities	2,098
Surface water fees	81,377
Administrative	
Directors fees	4,262
Insurance	5,726
Other	3,771
	13,759
Other	5,519
Total expenditures	$ 702,031

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-3. Investments
August 31, 2023

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	5.50%	02/10/24	$ 200,000	$ 271
Debt Service				
Certificate of deposit	5.50%	02/10/24	175,000	237
Total - All Funds			$ 375,000	$ 508

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-4. Taxes Levied and Receivable
August 31, 2023

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 3,036	$ 2,307	$ 2,733	$ 8,076
Adjustments to Prior Year Tax Levy	(36)	(27)	(32)	(95)
Adjusted Receivable	3,000	2,280	2,701	7,981
2022 Original Tax Levy	386,915	265,189	460,820	1,112,924
Adjustments	35,420	24,277	42,187	101,884
Adjusted Tax Levy	422,335	289,466	503,007	1,214,808
Total to be accounted for	425,335	291,746	505,708	1,222,789
Tax collections:				
Current year	419,642	287,620	499,798	1,207,060
Prior years	3,000	2,280	2,701	7,981
Total Collections	422,642	289,900	502,499	1,215,041
Taxes Receivable, End of Year	$ 2,693	$ 1,846	$ 3,209	$ 7,748
Taxes Receivable, By Year				
2022	$ 2,693	$ 1,846	$ 3,209	$ 7,748

	2022	2021	2020	2019
Property Valuations:				
Land	$ 19,086,310	$ 15,350,590	$ 11,929,220	$ 9,702,690
Improvements	79,125,770	53,877,140	39,641,120	29,269,370
Personal Property	56,831	106,257	137,334	361,975
Exemptions	(3,362,057)	(2,060,362)	(906,710)	(944,855)
Total Property Valuations	$ 94,906,854	$ 67,273,625	$ 50,800,964	$ 38,389,180
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.445	$ 0.50	$ 0.38	$ 0.68
Debt service tax rates	0.305	0.38	0.67	0.67
Road debt service tax rates	0.530	0.45	0.30	
Total Tax Rates per $100 Valuation	$ 1.280	$ 1.33	$ 1.35	$ 1.35
Adjusted Tax Levy:	$ 1,214,808	$ 894,739	$ 685,813	$ 518,254
Percentage of Taxes Collected to Taxes Levied ***	99.36%	100.00%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 14, 2014
* Maximum Parks and Recreational Maintenance Tax Rate Approved by Voters: $0.10 on November 14, 2014

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

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 95,000	$ 100,590	$ 195,590
2025	95,000	97,740	192,740
2026	100,000	94,890	194,890
2027	105,000	91,790	196,790
2028	110,000	88,430	198,430
2029	115,000	84,800	199,800
2030	120,000	80,890	200,890
2031	125,000	76,690	201,690
2032	130,000	72,190	202,190
2033	140,000	67,380	207,380
2034	145,000	62,200	207,200
2035	150,000	56,400	206,400
2036	155,000	50,400	205,400
2037	165,000	44,200	209,200
2038	170,000	37,600	207,600
2039	180,000	30,800	210,800
2040	190,000	23,600	213,600
2041	195,000	16,000	211,000
2042	205,000	8,200	213,200
	$ 2,690,000	$ 1,184,790	$ 3,874,790

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 45,000	$ 40,570	$ 85,570
2025	45,000	39,614	84,614
2026	50,000	38,602	88,602
2027	50,000	37,426	87,426
2028	50,000	36,202	86,202
2029	55,000	34,926	89,926
2030	55,000	33,468	88,468
2031	55,000	31,956	86,956
2032	60,000	30,306	90,306
2033	60,000	28,506	88,506
2034	65,000	26,706	91,706
2035	65,000	24,756	89,756
2036	70,000	22,806	92,806
2037	70,000	20,618	90,618
2038	75,000	18,432	93,432
2039	75,000	16,088	91,088
2040	80,000	13,650	93,650
2041	80,000	11,050	91,050
2042	85,000	8,450	93,450
2043	85,000	5,688	90,688
2044	90,000	2,925	92,925
	$ 1,365,000	$ 522,745	$ 1,887,745

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 80,000	$ 61,331	$ 141,331
2025	80,000	57,731	137,731
2026	85,000	54,131	139,131
2027	85,000	50,306	135,306
2028	90,000	46,481	136,481
2029	90,000	44,681	134,681
2030	95,000	42,881	137,881
2031	100,000	40,981	140,981
2032	100,000	38,981	138,981
2033	105,000	36,981	141,981
2034	105,000	34,881	139,881
2035	110,000	32,781	142,781
2036	115,000	30,581	145,581
2037	115,000	28,138	143,138
2038	120,000	25,694	145,694
2039	125,000	22,994	147,994
2040	125,000	20,181	145,181
2041	130,000	17,213	147,213
2042	135,000	14,125	149,125
2043	140,000	10,750	150,750
2044	145,000	7,250	152,250
2045	145,000	3,627	148,627
	$ 2,420,000	$ 722,700	$ 3,142,700

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 70,000	$ 62,394	$ 132,394
2025	75,000	59,244	134,244
2026	75,000	55,869	130,869
2027	80,000	52,494	132,494
2028	80,000	48,894	128,894
2029	85,000	45,294	130,294
2030	85,000	42,744	127,744
2031	85,000	40,194	125,194
2032	90,000	38,494	128,494
2033	90,000	36,694	126,694
2034	95,000	34,894	129,894
2035	95,000	32,994	127,994
2036	100,000	30,975	130,975
2037	105,000	28,850	133,850
2038	105,000	26,356	131,356
2039	110,000	23,863	133,863
2040	110,000	21,250	131,250
2041	115,000	18,500	133,500
2042	120,000	15,631	135,631
2043	120,000	12,625	132,625
2044	125,000	9,625	134,625
2045	130,000	6,500	136,500
2046	130,000	3,250	133,250
	$ 2,275,000	$ 747,628	$ 3,022,628

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 65,000	$ 107,475	$ 172,475
2025	70,000	105,200	175,200
2026	75,000	102,750	177,750
2027	75,000	100,125	175,125
2028	80,000	97,500	177,500
2029	85,000	94,700	179,700
2030	85,000	91,725	176,725
2031	90,000	88,537	178,537
2032	95,000	85,163	180,163
2033	100,000	81,600	181,600
2034	105,000	77,600	182,600
2035	110,000	73,400	183,400
2036	110,000	69,000	179,000
2037	115,000	64,600	179,600
2038	120,000	60,000	180,000
2039	130,000	55,200	185,200
2040	135,000	50,000	185,000
2041	140,000	44,600	184,600
2042	145,000	39,000	184,000
2043	150,000	33,200	183,200
2044	160,000	27,200	187,200
2045	165,000	20,800	185,800
2046	175,000	14,200	189,200
2047	180,000	7,200	187,200
	$ 2,760,000	$ 1,590,775	$ 4,350,775

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 141
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
August 31, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 355,000	$ 372,360	$ 727,360
2025	365,000	359,529	724,529
2026	385,000	346,242	731,242
2027	395,000	332,141	727,141
2028	410,000	317,507	727,507
2029	430,000	304,401	734,401
2030	440,000	291,708	731,708
2031	455,000	278,358	733,358
2032	475,000	265,134	740,134
2033	495,000	251,161	746,161
2034	515,000	236,281	751,281
2035	530,000	220,331	750,331
2036	550,000	203,762	753,762
2037	570,000	186,406	756,406
2038	590,000	168,082	758,082
2039	620,000	148,945	768,945
2040	640,000	128,681	768,681
2041	660,000	107,363	767,363
2042	690,000	85,406	775,406
2043	495,000	62,263	557,263
2044	520,000	47,000	567,000
2045	440,000	30,927	470,927
2046	305,000	17,450	322,450
2047	180,000	7,200	187,200
	$ 11,510,000	$ 4,768,638	$ 16,278,638

See accompanying auditors' report.

(This page intentionally left blank)

Montgomery County Municipal Utility District No. 141
TSI-6. Change in Long-Term Bonded Debt
August 31, 2023

	Bond Issue			
	Series 2018	Series 2019	Series 2020 Road	Series 2021 Road
Interest rate	2.35% - 4.00%	2.00% - 3.25%	2.00% - 4.50%	2.00% - 4.50%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/20 - 9/1/42	9/1/20 - 9/1/44	9/1/21 - 9/1/45	9/1/22 - 9/1/46
Beginning bonds outstanding	$ 2,780,000	$ 1,410,000	$ 2,495,000	$ 2,345,000
Bonds retired	(90,000)	(45,000)	(75,000)	(70,000)
Ending bonds outstanding	$ 2,690,000	$ 1,365,000	$ 2,420,000	$ 2,275,000
Interest paid during fiscal year	$ 103,290	$ 41,470	$ 64,706	$ 65,544
Paying agent's name and city				
All Series	Zions Bancorporation, N.A. dba Amegy Bank, Houston, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 90,000,000	$ 135,000,000	$ 55,000,000	$ 82,500,000
Amount Issued	(4,565,000)		(7,895,000)	
Remaining To Be Issued	$ 85,435,000	$ 135,000,000	$ 47,105,000	$ 82,500,000

Bond Authority:	Parks and Recreation Bonds	Parks and Recreation Refunding Bonds
Amount Authorized by Voters	$ 30,000,000	$ 45,000,000
Amount Issued		
Remaining To Be Issued	$ 30,000,000	$ 45,000,000

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 August 31, 2023:	$ 365,550
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 678,277

See accompanying auditors' report.

Bond Issue	
Series 2022 Road	Totals
3.00% - 4.00%	
3/1; 9/1	
9/1/23 - 9/1/47	
$ 2,820,000	$ 11,850,000
(60,000)	(340,000)
$ 2,760,000	$ 11,510,000
$ 109,579	$ 384,589

Montgomery County Municipal Utility District No. 141
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	$ 188,047	$ 201,944	$ 185,024	$ 144,693	$ 89,716
Sewer service	312,571	295,573	268,017	216,053	160,020
Property taxes	422,416	334,861	196,710	266,066	248,536
Penalties and interest	7,825	10,417	5,150	5,530	9,377
Groundwater pumpage fees	97,580	79,306	64,899	69,097	39,073
Tap connection and inspection		7,140	93,265	48,650	71,740
Miscellaneous	10,321	4,095	10,130	4,122	3,801
Investment earnings	18,854	1,721	458	3,411	2,856
Total Revenues	1,057,614	935,057	823,653	757,622	625,119
Expenditures					
Current service operations					
Purchased services	316,449	312,402	268,015	224,950	157,172
Professional fees	74,696	84,115	59,674	61,266	66,004
Contracted services	120,263	130,308	181,278	137,813	115,983
Repairs and maintenance	87,870	104,893	102,527	79,756	64,044
Utilities	2,098	1,810	1,644	1,269	862
Groundwater pumpage fees	81,377	77,480	75,881	55,507	42,453
Administrative	13,759	17,011	17,617	15,565	11,388
Other	5,519	6,432	5,815	3,774	3,732
Total Expenditures	702,031	734,451	712,451	579,900	461,638
Revenues Over Expenditures	$ 355,583	$ 200,606	$ 111,202	$ 177,722	$ 163,481
Total Active Retail Water Connections	336	336	329	248	213
Total Active Retail Wastewater Connections	320	320	315	240	204

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
18%	22%	22%	19%	14%
30%	32%	33%	29%	26%
39%	36%	24%	35%	40%
1%	1%	1%	1%	1%
9%	8%	8%	9%	7%
	1%	11%	6%	11%
1%	*	1%	1%	1%
2%	*	*	*	*
100%	100%	100%	100%	100%
30%	33%	33%	30%	25%
7%	9%	7%	8%	11%
11%	14%	22%	18%	19%
8%	11%	12%	11%	10%
*	*	*	*	*
8%	8%	9%	7%	7%
1%	2%	2%	2%	2%
1%	1%	1%	*	1%
66%	78%	86%	76%	75%
34%	22%	14%	24%	25%

Montgomery County Municipal Utility District No. 141
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	$ 792,624	$ 555,949	$ 492,443	$ 260,873	$ 133,772
Penalties and interest	10,653	5,292	6,414	6,372	302
Miscellaneous	13	10			
Investment earnings	7,423	463	539	4,162	4,601
Total Revenues	810,713	561,714	499,396	271,407	138,675
Expenditures					
Tax collection services	28,822	19,799	17,411	16,514	13,554
Debt service					
Principal	340,000	275,000	205,000	130,000	
Interest and fees	385,389	276,508	213,617	145,164	109,923
Total Expenditures	754,211	571,307	436,028	291,678	123,477
Revenues Over/(Under) Expenditures	$ 56,502	$ (9,593)	$ 63,368	$ (20,271)	$ 15,198

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
98%	99%	99%	96%	97%
1%	1%	1%	2%	*
*	*			
1%	*	*	2%	3%
100%	100%	100%	100%	100%
4%	4%	3%	6%	10%
42%	49%	41%	48%	
48%	49%	43%	53%	79%
94%	102%	87%	107%	89%
6%	(2%)	13%	(7%)	11%

Montgomery County Municipal Utility District No. 141
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended August 31, 2023

Complete District Mailing Address:	1980 Post Oak Blvd., Suite 1380, Houston, Texas 77056-3970
District Business Telephone Number:	(713) 850-9000
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 19, 2023
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Scott Day	05/22 - 05/26	$ 450	$ 106	President
Daniel Reid	05/20 - 05/24	821	255	Vice President
Todd David	05/22 - 05/26	1,121	429	Secretary
John McCullar	05/20 - 05/24	971	318	Assistant Secretary
Scott Gilreath	05/23 - 05/26	599		Assistant Secretary
Scott Wright	05/22 - 05/23	300	20	Former Director
Consultants		Paid		
Sanford Kuhl Hagan Kugle Parker Kahn LLP	2014			Attorney
General legal fees		$ 36,278		
Municipal Operations & Consulting Inc.	2021	79,169		Operator
L & S District Services, LLC	2014	11,685		Bookkeeper
Utility Tax Service, LLC	2014	6,950		Tax Collector
Montgomery Central Appraisal District	Legislation	8,238		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2020	3,774		Delinquent Tax Attorney
Quiddity Engineering	2014	20,206		Engineer
McGrath & Co., PLLC	Annual	12,500		Auditor
Robert W. Baird & Co., Inc.	2015			Financial Advisor

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

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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