OFFICIAL STATEMENT DATED AUGUST 20, 2024

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

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

NEW ISSUE - Book-Entry-Only

S&P Global Ratings (AG Insured).."AA"
See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein.

EAST MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 12
(A Political Subdivision of the State of Texas, located within Montgomery County)

$6,120,000
UNLIMITED TAX BONDS
SERIES 2024

Dated: September 1, 2024
Interest Accrues From: Date of Delivery **Due: September 1, as shown below**

The $6,120,000 East Montgomery County Municipal Utility District No. 12 Unlimited Tax Bonds, Series 2024 (the "Bonds") are obligations of East Montgomery County Municipal Utility District No. 12 (the "District") and are not obligations of the State of Texas; the City of Conroe (the "City"), Texas; Montgomery County, Texas (the "County"); or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; the City; the County; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, as the initial paying agent/registrar (the "Paying Agent/Registrar") for the Bonds. Interest on the Bonds accrues from the initial date of delivery (on or about September 17, 2024) (the "Date of Delivery"), and is payable March 1, 2025, and on each September 1 and March 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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 INC.**

ASSURED GUARANTY®

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. Investment in the Bonds is subject to special risk factors as described herein. 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") are subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected on or about September 17, 2024.

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

$6,120,000 UNLIMITED TAX BONDS, SERIES 2024

$5,645,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 27373H (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 27373H (b)
2025	$150,000	6.500%	3.400%	CA0	***	***	***	***	***
2026	145,000	6.500%	3.400%	CB8	2039 (c)	$255,000	4.000%	4.050%	CQ5
2027	150,000	6.500%	3.400%	CC6	2040 (c)	265,000	4.000%	4.100%	CR3
2028	155,000	6.500%	3.400%	CD4	2041 (c)	275,000	4.000%	4.150%	CS1
2029	165,000	6.500%	3.400%	CE2	2042 (c)	290,000	4.000%	4.180%	CT9
2030 (c)	170,000	6.500%	3.400%	CF9	2043 (c)	305,000	4.000%	4.210%	CU6
2031 (c)	180,000	4.375%	3.450%	CG7	2044 (c)	315,000	4.000%	4.240%	CV4
2032 (c)	185,000	4.000%	3.500%	CH5	2045 (c)	330,000	4.125%	4.270%	CW2
2033 (c)	195,000	4.000%	3.550%	CJ1	2046 (c)	345,000	4.125%	4.300%	CX0
2034 (c)	205,000	4.000%	3.650%	CK8	2047 (c)	360,000	4.125%	4.320%	CY8
2035 (c)	215,000	4.000%	3.750%	CL6	2048 (c)	375,000	4.250%	4.340%	CZ5
2036 (c)	220,000	4.000%	3.850%	CM4	2049 (c)	395,000	4.250%	4.350%	DA9

$475,000 Term Bond

$475,000 Term Bond Due September 1, 2038 (c)(d), Interest Rate: 4.000% (Price: $100.000) (a), CUSIP No. 27373H CP7 (b)

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

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

(c) Bonds maturing on September 1, 2030, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

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

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

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

The Financial Advisor (defined herein) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, resulting in the lowest net effective interest rate which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown on the inside cover at a price of 97.009475% of the par value thereof, which resulted in a net effective interest rate of 4.373016%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

Prices and Marketability

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

The 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 bondhouse, 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 responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. 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, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), 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. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG'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 AG 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 AG in its sole discretion. In addition, the rating agencies may at any time change AG'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 AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG'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 AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	AG **(Actual)**	**AGM** **(Actual)**	**AG** **(Pro Forma Combined)**
Policyholders' surplus	$1,649	$2,599	$3,960[1]
Contingency reserve	$421	$910	$1,331
Net unearned premium reserves and net deferred ceding commission income	$355	$2,078[2]	$2,433[2]

(1) Net of intercompany eliminations.

(2) Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG 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 AG and 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);

(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); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

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

Miscellaneous Matters

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

RATINGS

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 the Insurer 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 discussed above.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	East Montgomery County Municipal Utility District No. 12 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
The Issue	The $6,120,000 Unlimited Tax Bonds, Series 2024 (the "Bonds") are dated September 1, 2024 (the "Dated Date"), and interest accrues from the initial date of delivery (on or about September 17, 2024) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable March 1, 2025, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds that mature on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The Bonds maturing on September 1, 2025, through September 1, 2036, both inclusive, and September 1, 2039, through September 1, 2049, both inclusive, are serial bonds. The Bond maturing on September 1 in the year 2038 is a term bond (the "Term Bond") and is subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrar (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Conroe, Texas (the "City"), Montgomery County, Texas (the "County"), the State of Texas, or any entity other than the District. See "THE BONDS - Source of Payment."
Use of Proceeds	Proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for eligible utility construction costs, to pay developer interest, to pay six (6) months of capitalized interest, costs of issuance of the Bonds, and those other non-construction costs provided under "USE AND DISTRIBUTION OF BOND PROCEEDS."
Not Qualified Tax-Exempt Obligations	The Bonds are not "qualified tax-exempt obligations" within the meaning of section 265(b) of the Internal Revenue Code of 1986, as amended.
Municipal Bond Insurance	ASSURED GUARANTY INC. ("AG"). See "MUNICIPAL BOND INSURANCE."
Ratings	S&P Global Ratings (Insured): "AA" (stable outlook). See "RATINGS."

Outstanding Bonds	The District has previously issued one (1) series of unlimited tax bonds for the Utility System (defined herein) in the principal amount of $20,635,000, and one (1) series of unlimited tax bonds for the Road System (defined herein) in the principal amount of $14,305,000, of which a principal amount of $34,475,000 will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").
Payment Record	The Bonds are the third issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of principal or interest on its Outstanding Bonds.
Authority for Issuance	The Bonds constitute the second series of unlimited tax bonds issued by the District from the $107,501,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing, constructing, operating and maintaining a water, wastewater and a drainage system to serve the District (the "Utility System") and for the further purpose of refunding such bonds. The District's voters have also authorized $51,582,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and for the further purpose of refunding such bonds; and $5,000,000 principal amount of unlimited tax bonds for the purpose of constructing parks and recreational facilities within the District (the "Park System") and for the further purpose of refunding such bonds. Following the issuance of the Bonds, $80,746,000 principal amount of unlimited tax bonds for the Utility System; $37,277,000 principal amount of unlimited tax bonds for the Road System; and $5,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. The Bonds are issued pursuant to (i) a resolution approving the issuance of the Bonds (the "Bond Resolution"), adopted by the Board of Directors of the District on the date of the sale of the Bonds; (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held in the District, and passed by a majority of the participating voters; (iv) and an order of the Texas Commission on Environmental Quality ("TCEQ"). See "THE BONDS – Authority for Issuance."
Legal Opinion	Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

Description	The District was created by Senate Bill No. 887 (and codified as Chapter 8116, Special District Local Laws Code), Act of the 79th Texas Legislature, Regular Session 2005. Additionally, pursuant to House Bill No. 4654, Act of the 86th Texas Legislature, Regular Session 2019, the District was granted certain road powers. At the time of the creation, the District encompassed approximately 567.7 acres. The District excluded approximately 169.6 acres on October 18, 2019. The District annexed approximately 11.75 acres on May 6, 2022. Currently, the District encompasses approximately 409.9 acres. The District is located in the eastern portion of the County, approximately 15 miles southeast of the Central Business District of the City. It is generally bounded on the north by Kensington Oaks Drive, and on the south by State Highway 242, and is located just east of the intersection of State Highway 242 and Kropik Road. The District is located entirely within the extraterritorial jurisdiction of the City and Splendora Independent School District. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District was created under the provisions of Article XVI, Section 59 of the Texas Constitution. See "THE DISTRICT – Authority" and "– Description."

Development within the District	Approximately 316.74 acres (1,467 lots) within the District have been developed into the single-family subdivisions of Harrington Trails, Sections 1, 2, 3, 4A, 4B, 5A, and 5B, 6A, 6B, 7, 8, and 9. Approximately 78.10 acres of undevelopable land consists of drainage easements/reserves, collector rights-of-way, drill sites, and District plant sites. In addition, the Timber Lakes Elementary School has been constructed upon approximately 15.01 acres in the District. As of July 1, 2024, the District was comprised of 1,169 completed homes, 25 homes under construction, and approximately 273 vacant developed lots. There is no remaining undeveloped but developable land within the District. See "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."
Developer	The principal developer of land within the District is Forestar (USA) Real Estate Group, Inc. ("Forestar"), which is a wholly-owned subsidiary of Forestar Group, Inc. ("Forestar Group"). Forestar Group is a publicly traded corporation and majority owned subsidiary of D.R. Horton, Inc. a publicly traded corporation. Forestar is referred to herein as the "Developer." See "DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."
Homebuilders Within the District	Homebuilders active within the District include D.R. Horton, CastleRock Communities, History Maker Homes, and Starlight Homes, which is owned by Ashton Woods. Prices of new homes being constructed within the District range from approximately $230,000 to $350,000 and range in size from approximately 1,400 to 2,700 square feet. See "DEVELOPER—Homebuilders within the District."

RISK FACTORS

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

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2023 Certified Taxable Assessed Valuation	$	239,860,921	(a)
Estimated Taxable Valuation as of June 15, 2024	$	300,736,296	(b)
Direct Debt:			
The Outstanding Bonds	$	34,475,000	
The Bonds	$	6,120,000	
Total	$	40,595,000	
Estimated Overlapping Debt	$	28,645,254	(c)
Total Direct and Estimated Overlapping Debt	$	69,240,254	
Direct Debt Ratios:			
As a percentage of 2023 Certified Taxable Assessed Valuation		16.92 %	
As a percentage of the Estimated Taxable Valuation as of June 15, 2024		13.50 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of 2023 Certified Taxable Assessed Valuation		28.87 %	
As a percentage of the Estimated Taxable Valuation as of June 15, 2024		23.02 %	
Utility System Debt Service Fund Balance (as of July 16, 2024)	$	1,274,410	(d)
Road System Debt Service Fund Balance (as of July 16, 2024)	$	868,065	(e)
General Fund Balance (as of July 16, 2024)	$	3,066,712	
Capital Project Fund Balance (as of July 16, 2024)	$	41,783	
Road Capital Project Fund Balance (as of July 16, 2024)	$	8,783	
2023 Tax Rate per $100 of Assessed Taxable Valuation			
Utility System Debt Service		$0.625	
Road Debt Service		$0.345	
Maintenance		$0.380	
Total		$1.350	
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2025-2049)	$	2,603,570	(f)
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2047)	$	2,894,400	(f)
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2025-2049) at 95% Tax Collections			
Based Upon 2023 Certified Taxable Assessed Valuation ($239,860,921)		$1.15	
Based Upon the Estimated Taxable Valuation as of June 15, 2024 ($300,736,296)		$0.92	
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2047) at 95% Tax Collections			
Based Upon 2023 Certified Taxable Assessed Valuation ($239,860,921)		$1.28	
Based Upon the Estimated Taxable Valuation as of June 15, 2024 ($300,736,296)		$1.02	
Number of Single-Family Homes (including 25 homes in various stages of construction) as of July 1, 2024		1,260	

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2023. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of June 15, 2024 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2024, through June 15, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) At the time of closing on the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Utility System Debt Service Fund (defined herein). Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Utility System (e.g., the Bonds), and are not available to pay debt service on Road System Bonds.

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for road purposes and are not available to pay debt service on bonds issued by the District for the Utility System, including the Bonds, or Park System.

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

EAST MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 12

$6,120,000
UNLIMITED TAX BONDS
SERIES 2024

INTRODUCTION

This Official Statement of East Montgomery County Municipal Utility District No. 12 (the "District") is provided to furnish information with respect to the issuance by the District of its $6,120,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"). The Bonds are issued pursuant to (i) a resolution approving the issuance of the Bonds (the "Bond Resolution"), adopted by the Board of Directors of the District on the date of the sale of the Bonds; (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held in the District, and passed by a majority of the participating voters; (iv) and an order of the Texas Commission on Environmental Quality ("TCEQ").

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

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas, Montgomery County (the "County"), the City of Conroe (the "City"), or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District (see "THE BONDS – Source of Payment"). 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 rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy costs and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Developer: There is no commitment by or legal requirement of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner'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. As of July 1, 2024, approximately 273 vacant developed lots remained available for construction within the District.

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 8.92% of the District's total assessed valuation. In the event that the Developer, any other principal 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.

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 Certified Taxable Assessed Valuation of property located within the District (see "TAX DATA") is $239,860,921 and the Estimated Taxable Valuation as of June 15, 2024, is $300,736,296. After issuance of the Bonds, the maximum annual debt service requirement will be $2,894,400 (2047) and the average annual debt service requirements will be $2,603,570 (2025-2049). Assuming no increase to nor decrease from the 2023 Certified Taxable Assessed Valuation, tax rates of $1.28 and $1.15 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor decrease from the Estimated Taxable Valuation as of June 15, 2024, tax rates of $1.02 and $0.92 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2023 tax year, the District has levied a total tax rate of $1.35 per $100 of assessed valuation. Such rate is composed of a maintenance and operations tax rate of $0.380 per $100 of assessed valuation; a Utility System (defined herein) debt service tax rate of $0.625 per $100 of assessed valuation: and a Road System (defined herein) debt service tax rate of $0.345 per $100 of assessed valuation.

Vacant Developed Lots

As of July 1, 2024, approximately 273 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Competitive Nature of Houston Residential Housing Market

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

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy

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

Marketability

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

Future Debt

The District has the right to issue the remaining $80,746,000 authorized but unissued unlimited tax bonds for water, wastewater and drainage facilities and refunding of the same, $37,277,000 authorized but unissued unlimited tax road bonds and refunding of same, and $5,000,000 authorized but unissued unlimited tax bonds for park and recreational improvements and refunding of the same, and such additional bonds as may hereafter be approved by both the Board and voters of the District. The issuance of such unlimited tax bonds for water, wastewater and drainage facilities purposes and park and recreational improvements are also subject to approval by the TCEQ. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Resolution.

After the reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately $11,700,000 for the existing facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

The principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's assessed value, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of taxable property in the District.

The District's Engineer estimates that the aforementioned $80,746,000 authorized tax bonds which remain unissued will be adequate to reimburse the Developer for its expenditures to construct the existing Utility System (defined herein) facilities.

The District's Engineer estimates that the aforementioned $37,277,000 authorized tax bonds which remain unissued will be adequate to reimburse the Developer for its expenditures to construct the existing Road System (defined herein) facilities.

Continuing Compliance with Certain Covenants

The Bond Resolution contain 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."

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.

National Weather Service Atlas 14 Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in 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.

Potential Effects of Oil Price Fluctuations on the Houston Area

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 within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

Extreme Weather Events

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

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

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

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

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

Neither the District nor 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" and "RATINGS." 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 Bonds are dated September 1, 2024 (the "Dated Date"). The Bonds will accrue interest from the initial date of delivery (on or about September 17, 2024) (the "Date of Delivery"), with interest payable March 1, 2025, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered serial bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the 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, the District or the Paying Agent/Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in 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 Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

The Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. 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 Bond maturing on September 1 in the year 2038 is a term bond (the "Term Bond"), and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bond 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:

$475,000 Term Bond Maturing on September 1, 2038

Mandatory Redemption Date	Principal Amount
September 1, 2037	$ 230,000
September 1, 2038 (Maturity)	$ 245,000

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 Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of the Term Bond 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 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 constitute the second series of unlimited tax bonds issued by the District from the $107,501,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating and maintaining a water, wastewater and drainage system to serve the District (the "Utility System") and for the further purpose of refunding such bonds. The Districts voters have also authorized $51,582,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and for the further purpose of refunding such bonds, and $5,000,000 principal amount of unlimited tax bonds for the purpose of constructing parks and recreational facilities (the "Park System") and for the further purpose of refunding such bonds.

Following the issuance of the Bonds, $80,746,000 principal amount of unlimited tax bonds for the Utility System, $37,277,000 principal amount of unlimited tax bonds for the Road System; and $5,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. The Bonds are issued pursuant to (i) the Bond Resolution; (ii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held in the District, and passed by a majority of the participating voters; and (iv) an order of the TCEQ.

Outstanding Bonds

The District has previously issued one (1) series of unlimited tax bonds in the principal amount of $20,635,000 for the Utility System, and one (1) series of unlimited tax bonds in the principal amount of $14,305,000 for the Road System, of which $34,475,000 will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

Source of Payment

The Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal District (defined herein). Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (defined herein), as applicable, and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and any additional bonds payable from taxes which may be issued for the Utility System and fees of the Paying Agent/Registrar. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the bonds issued for the purpose of constructing the Utility System (the "Utility Bonds"), including the Bonds, or any other bonds that the District may hereafter issue for the Utility System. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the bonds issued for the Park System (the "Park Bonds"), or that the District may hereafter issue for the Park System.

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

Funds

The Bond Resolution confirms the District's fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"). In the Bond Resolution, the Utility System Debt Service Fund is confirmed, the proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

The District also maintains a Road Debt Service Fund that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal or interest on the Bonds and funds in the Utility System Debt Service Fund are not available to pay principal or interest on any outstanding Road Bonds.

Six (6) months of capitalized interest on the Bonds shall be deposited from the proceeds of the Bonds into the Utility System Debt Service Fund upon receipt. The remaining proceeds from the sale of the Bonds shall be deposited into the Utility System Capital Projects Funds, to be used for the purpose of paying for certain construction costs, paying interest on funds advanced by the Developer on behalf of the District, and paying the costs of issuance of the Bonds. Any monies remaining in the Utility System Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Utility System Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ (in the case of bonds for the Utility System and Park System), necessary to provide improvements and facilities consistent with the purposes for which the District was created. On November 5, 2019, the District's voters authorized the issuance of $107,501,000 unlimited tax bonds for the Utility System and for the further purpose of refunding such bonds, $51,582,000 unlimited tax bonds for the Road System and for the further purpose of refunding such bonds, and $5,000,000 unlimited tax park and recreational bonds for the Park System and for the further purpose of refunding such bonds. The Bonds constitute the second series of unlimited tax bonds issued by the District from the $107,501,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring the Utility System.

Following the issuance of the Bonds, $80,746,000 principal amount of unlimited tax bonds for the Utility System, $37,277,000 principal amount of unlimited tax road bonds for the Road System, and $5,000,000 principal amount of unlimited tax bonds for the Park System, will remain authorized and unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ). After the reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately $11,700,000 for the existing facilities.

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

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 plan and bonds for such purposes by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes.

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

Annexation by the City of Conroe

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, except as set forth below under "Strategic Partnership Agreement," the District may be annexed by the City without the District's consent. If the District is annexed, the City would assume the District's assets and obligations (including the Bonds) and may dissolve the District. 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, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur. See "Strategic Partnership Agreement" below.

Strategic Partnership Agreement

The District lies entirely within the extraterritorial jurisdiction of the City. The District and the City entered into a Strategic Partnership Agreement (the "SPA") to establish the conditions of annexation on July 28, 2022. Under the SPA, the City has the right to annex the District for "limited purposes," specifically for the levy of the City's sales and use tax within the District's boundaries. The limited purpose annexation may not be converted to a full purpose annexation until the earlier of the following dates: (1) December 31 of the 16th year following the District's first ad valorem bond issuance; or (2) December 31, 2042. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City. If debt of the District remains outstanding on the full purpose annexation date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the City may continue the District as a "limited district." The "limited district" shall continue to be known as East Montgomery County Municipal Utility District No. 12 and shall continue until the City dissolves the District pursuant to the terms of the SPA. The powers of the "limited district" are the same as prior District powers, except that none of the District's facilities may be transferred to another party without the consent of the City. The "limited district" is expressly authorized and required to levy and collect taxes sufficient to meet its outstanding debt service requirements for debt previously issued by the District and to pay necessary operating expenses associated therewith. The City may dissolve the limited district by ordinance at any time after 90% buildout. Upon dissolution, the City shall take over all the property and other assets of the limited district, assume all of the debts, liabilities, and obligations of the limited district, and perform all of the functions of the limited district, including the provision of services.

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. Consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

No Arbitrage

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners.

There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

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USE AND DISTRIBUTION OF BOND PROCEEDS

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for eligible utility construction costs, to pay developer interest, to pay six (6) months of capitalized interest, costs of issuance of the Bonds, and those other non-construction costs provided below. Totals may not sum due to rounding.

		District's Share
CONSTRUCTION COSTS		
A.	**Developer Contribution Items**	
1.	Harrington Trails Section 5A & 5B	$ 377,603
2.	Harrington Trails Section 6A	2,581,834
3.	Harrington Trails Section 6B	719,963
4.	Engineering	876,558
5.	Materials Testing	67,506
6.	SWPPP	52,242
	Total Developer Contribution Items	$ 4,675,706
	TOTAL CONSTRUCTION COSTS	**$ 4,675,706**
	NON-CONSTRUCTION COSTS	
1.	Legal Fees	162,400
2.	Financial Advisor Fees	122,400
3.	Interest	
	a. Developer Interest	662,259
	b. Capitalized Interest	136,034
4.	Bond Discount	183,020
5.	Bond Issuance Expenses	51,915
6.	Attorney General Fee (0.1% or $9,500 maximum)	6,120
7.	TCEQ Bond Issuance Fee	15,300
8.	Bond Application Report Cost	79,650
9.	Contingency (a)	25,196
	TOTAL NONCONSTRUCTION COSTS	**$ 1,444,294**
	TOTAL BOND ISSUE REQUIREMENT	**$ 6,120,000**

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

In the instance that approved estimated amounts exceed the 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. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by Senate Bill No. 887 (and codified as Chapter 8116, Special District Local Laws Code), Act of the 79th Texas Legislature, Regular Session 2005. Additionally, pursuant to House Bill No. 4654, Act of the 86th Texas Legislature, Regular Session 2019, the District was granted certain road powers. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts.

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

The District also is authorized to construct, develop, and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct, develop, and maintain roads and related facilities.

Description

The District was created by Senate Bill No. 887 (and codified as Chapter 8116, Special District Local Laws Code), Act of the 79th Texas Legislature, Regular Session 2005. Additionally, pursuant to House Bill No. 4654, Act of the 86th Texas Legislature, Regular Session 2019, the District was granted certain road powers. At the time of the creation, the District encompassed approximately 567.7 acres. The District excluded approximately 169.6 acres on October 18, 2019. The District annexed approximately 11.75 acres on May 6, 2022. Currently, the District encompasses approximately 409.9 acres. The District is located in east Montgomery County, approximately 15 miles southeast of the Central Business District of the City of Conroe. It is generally bounded on the north by Kensington Oaks Drive, and on the south by State Highway 242, and is located just east of the intersection of State Highway 242 and Kropik Road. The District is located entirely within the extraterritorial jurisdiction of the City of Conroe and within the Splendora Independent School District.

The District operates under Chapters 49 and 54 of the Texas Water Code, as amended and other general laws of the state of Texas applicable to municipal utility districts. The District was created under the provisions of Article XVI, Section 59 of the Texas Constitution. The TCEQ has authority over issuance of bonds by the District pursuant to Section 49.181 of the Texas Water Code and applicable rules of the TCEQ.

Management of the District

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

Name	Title	Term Expires May
Rachel Stringer	President	2026
Virginia French	Vice President	2026
Michael Others	Secretary	2028
Aaron Tomhave	Assistant Secretary	2028
Erin Patterson	Assistant Vice President	2026

Investment Policy

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

Road Improvements Agreement and Participation Agreement

East Montgomery County Municipal Utility District No. 13 ("MUD 13"), a municipal utility district located to the southwest/northeast of the District, and Montgomery County (the "County") have agreed to share in the costs of certain road improvements to serve an economic impact area encompassing 1,900 acres (the "Economic Impact Area") that includes the land within the District. MUD 13 entered into an Agreement for the Financing and Construction of Road Improvements with the County on December 28, 2022 (the "Road Agreement"). The projects subject to the Road Agreement consist of certain major thoroughfare and loop road improvements and related improvements (collectively, the "Projects") within the Economic Impact Area. Under the Road Agreement, an estimated total of $11,132,000 of eligible costs for Projects would be incurred as a result of Projects financed in whole or in part by the District. As a Project is completed, Montgomery County will accept ownership and maintenance of the Project in the same manner and to the same extent that it owns and maintains Montgomery County roads and related road facilities in other unincorporated areas of Montgomery County.

To pay MUD 13 for the County's share of the cost of the Projects (the "Project Costs"), the County agreed to pay MUD 13 an annual payment (the "Annual Payment") equal to a portion of the ad valorem taxes levied and collected by the County on the assessed valuation of the real property and improvements within the Economic Impact Area. The Annual Payment is the sum of money payable by the County to MUD 13 each year, based upon the County's tax rates and assessed values for the immediately preceding year, equal to the result of the following formula:

[(County's Total Ad Valorem Tax Rate) – (County's Debt Service Tax Rate)] x [75% per $100 of Assessed Value] x [Taxable Value Increase].

For this purpose, "Taxable Value Increase" means the total Assessed Value of all taxable real property located within the Economic Impact Area for the current year less the Base Value, "Assessed Value" means the assessed value of the applicable real property as established by the Montgomery Central Appraisal District, and "Base Value" means the non-homestead appraised value of real property within the Economic Impact Area as of January 1, 2022, which is $117,396,710.

The Road Agreement provides that the obligation of the County to pay the Annual Payment to MUD 13 begins no later than August 31, 2024 and will continue each year thereafter until the earliest of the following occurs: (i) all of the Project Costs have been paid in full, (ii) the reimbursement cap of $66,881,000 has been reached, or (iii) December 28, 2052. Notwithstanding the foregoing, the County is not required to make any Annual Payment unless and until Project Costs are actually expended or incurred, and the County's obligation to make Annual Payments is further expressly conditioned upon the completion of the Projects by December 31, 2042. The County may prepay its obligation (in whole or in part) under the Road Agreement at any time without penalty.

MUD 13 may use the Annual Payments only to: (a) fund Project costs, (b) reimburse developers for Project costs, and/or (c) pay debt service on bonds issued to finance a Project.

MUD 13 has entered into participation agreements with municipal utility districts within the Economic Impact Area, including the District, in order to allocate the benefits of the Road Agreement to the Economic Impact Area. In the District's participation agreement with MUD 13, MUD 13 is obligated to pay to the District its proportionate share of Annual Payments for the eligible Project Costs of the District following receipt of the applicable Annual Payment from Montgomery County, which proportionate share of the District shall be calculated as the Taxable Value Increase within the boundaries of the District divided by the Taxable Value Increase within the entire Economic Impact Area for the applicable annual period (such amount, the "District Annual Payments").

MUD 13 has no obligation to pay to the District the District Annual Payments until MUD 13 receives the applicable Annual Payment from the County. The District may use the District Annual Payments only to: (a) fund Project costs, (b) reimburse developers for Project costs, and/or (c) pay debt service on bonds issued to finance a Project. The District Annual Payments are not pledged to the payment of the interest on or principal of the District's bonds, including the Bonds. See "THE BONDS – Source of and Security for Payment."

Consultants

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

Tax Assessor/Collector

The tax assessor/collector for the District is Utility Tax Service, LLC.

Bookkeeper

The District's bookkeeper is Myrtle Cruz, Inc.

Operator

The District's operator is Municipal District Services, LLC.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed with the TCEQ. The District's financial statements for the fiscal year ended November 30, 2023, were audited by McGrath & Co., PLLC. See "APPENDIX A."

Engineer

The District's Engineer is Elevation Land Solutions (the "Engineer").

Bond Counsel

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

Financial Advisor

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

Disclosure Counsel

Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel. The fees to be paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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DEVELOPMENT OF THE DISTRICT

Approximately 316.74 acres (1,467 lots) within the District have been developed into the single-family subdivisions of Harrington Trails, Sections 1, 2, 3, 4A, 4B, 5A, and 5B, 6A, 6B, 7, 8, and 9. Approximately 78.10 acres of undevelopable land consists of drainage easements/reserves, collector rights-of-way, drill sites, and District plant sites. In addition, the Timber Lakes Elementary School has been constructed upon approximately 15.01 acres in the District.

As of July 1, 2024, the District was comprised of 1,169 completed homes, 25 homes under construction, and approximately 273 vacant developed lots. There is currently no remaining undeveloped but developable land within the District.

Status of Development within the District

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

	Acreage	Lots	Completed Homes	Homes Under Construction	Remaining Vacant Developed Lots
Harrington Trails					
Section 1	37.19	174	174	0	0
Section 2	12.13	52	52	0	0
Section 3	31.38	146	146	0	0
Section 4A	14.38	80	80	0	0
Section 4B	19.08	73	73	0	0
Section 5A	29.28	164	164	0	0
Section 5B	17.89	96	96	0	0
Section 6A	25.76	100	100	0	0
Section 6B	26.09	134	47	21	66
Section 7	31.87	122	74	4	44
Section 8	38.21	163	163	0	0
Section 9	33.48	163	0	0	163
Total	316.74	1,467	1,169	25	273

Timber Lakes Elementary School	15.01
Undeveloped but Developable Acreage	0
Undevelopable Acreage	78.10
Total	409.90

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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 some instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property. The entities described below are defined collectively as the "Developer."

Neither the Developer, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer nor its affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Developer

The principal developer of land within the District is Forestar (USA) Real Estate Group, Inc., a Delaware corporation ("Forestar"), which is a wholly-owned subsidiary of Forestar Group, Inc., a Delaware corporation ("Forestar Group") and a publicly traded corporation whose stock is listed on the New York Stock Exchange ("NYSE") under the ticker of "FOR." Forestar Group is a majority owned subsidiary of D.R. Horton Inc., a Delaware corporation ("D.R. Horton") and a publicly traded corporation whose stock is listed on the NYSE under the ticker of "DHI". Forestar is referred to herein as the "Developer". Audited financial statements for Forestar Group can be found online at https://investor.forestar.com/annual-reports/. Both Forestar Group and D.R. Horton are subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Forestar Group and D.R. Horton can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Homebuilders within the District

Homebuilders active within the District include D.R. Horton, CastleRock Communities, History Maker Homes, and Starlight Homes, which is owned by Ashton Woods. Prices of new homes being constructed within the District range from approximately $230,000 to $350,000 and range in size from approximately 1,400 to 2,700 square feet.

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AERIAL PHOTOGRAPH OF THE DISTRICT
(taken July 2023)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken July 2024)

DISTRICT DEBT

Debt Service Requirement Schedule

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

Calendar	Outstanding	The Bonds			Total
Year	Debt Service	Principal	Interest	Debt Service	Debt Service (a)
2025	$ 2,313,238	$ 150,000	$ 259,977	$ 409,977	$ 2,723,214
2026	2,308,900	145,000	262,319	407,319	2,716,219
2027	2,296,825	150,000	252,894	402,894	2,699,719
2028	2,287,338	155,000	243,144	398,144	2,685,481
2029	2,275,150	165,000	233,069	398,069	2,673,219
2030	2,265,225	170,000	222,344	392,344	2,657,569
2031	2,268,375	180,000	211,294	391,294	2,659,669
2032	2,279,150	185,000	203,419	388,419	2,667,569
2033	2,288,888	195,000	196,019	391,019	2,679,906
2034	2,301,488	205,000	188,219	393,219	2,694,706
2035	2,319,863	215,000	180,019	395,019	2,714,881
2036	2,335,838	220,000	171,419	391,419	2,727,256
2037	2,345,238	230,000	162,619	392,619	2,737,856
2038	2,362,038	245,000	153,419	398,419	2,760,456
2039	2,370,075	255,000	143,619	398,619	2,768,694
2040	2,385,281	265,000	133,419	398,419	2,783,700
2041	2,401,419	275,000	122,819	397,819	2,799,238
2042	2,409,069	290,000	111,819	401,819	2,810,888
2043	2,423,444	305,000	100,219	405,219	2,828,663
2044	2,438,175	315,000	88,019	403,019	2,841,194
2045	2,453,975	330,000	75,419	405,419	2,859,394
2046	2,470,625	345,000	61,806	406,806	2,877,431
2047	2,486,825	360,000	47,575	407,575	2,894,400
2048	1,008,425	375,000	32,725	407,725	1,416,150
2049	-	395,000	16,788	411,788	411,788
Total	$ 55,094,863	$ 6,120,000	$ 3,874,396	$ 9,994,396	$ 65,089,258

(a) Totals may not sum due to rounding.

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2025-2049)	$	2,603,570
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2047)	$	2,894,400

Bonded Indebtedness

2023 Certified Taxable Assessed Valuation	$	239,860,921	(a)
Estimated Taxable Valuation as of June 15, 2024	$	300,736,296	(b)
Direct Debt:			
The Outstanding Bonds	$	34,475,000	
The Bonds	$	6,120,000	
Total	$	40,595,000	
Estimated Overlapping Debt	$	28,645,254	(c)
Total Direct and Estimated Overlapping Debt	$	69,240,254	
Direct Debt Ratios:			
As a percentage of 2023 Certified Taxable Assessed Valuation		16.92 %	
As a percentage of the Estimated Taxable Valuation as of June 15, 2024		13.50 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of 2023 Certified Taxable Assessed Valuation		28.87 %	
As a percentage of the Estimated Taxable Valuation as of June 15, 2024		23.02 %	
Utility System Debt Service Fund Balance (as of July 16, 2024)	$	1,274,410	(d)
Road System Debt Service Fund Balance (as of July 16, 2024)	$	868,065	(e)
General Fund Balance (as of July 16, 2024)	$	3,066,712	
Capital Project Fund Balance (as of July 16, 2024)	$	41,783	
Road Capital Project Fund Balance (as of July 16, 2024)	$	8,783	
2023 Tax Rate per $100 of Assessed Taxable Valuation			
Utility System Debt Service		$0.625	
Road Debt Service		$0.345	
Maintenance		$0.380	
Total		$1.350	
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2025-2049)	$	2,603,570	(f)
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2047)	$	2,894,400	(f)
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2025-2049) at 95% Tax Collections			
Based Upon 2023 Certified Taxable Assessed Valuation ($239,860,921)		$1.15	
Based Upon the Estimated Taxable Valuation as of June 15, 2024 ($300,736,296)		$0.92	
Combined Debt Service Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2047) at 95% Tax Collections			
Based Upon 2023 Certified Taxable Assessed Valuation ($239,860,921)		$1.28	
Based Upon the Estimated Taxable Valuation as of June 15, 2024 ($300,736,296)		$1.02	
Number of Single-Family Homes (including 25 homes in various stages of construction) as of July 1, 2024		1,260	

(a) As certified by the Montgomery Central Appraisal District (the "Appraisal District") as of January 1, 2023. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of June 15, 2024 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2024, through June 15, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) At the time of closing on the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Utility System Debt Service Fund. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Utility System (e.g., the Bonds), and are not available to pay debt service on Road System Bonds.

(e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for road purposes and are not available to pay debt service on bonds issued by the District for Utility System, including the Bonds, or Park System.

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

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance 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 as of June 30, 2024	Estimated Overlapping Percent	Estimated Overlapping Amount
Montgomery County	$ 417,980,000	0.25%	$ 1,066,175
Lone Star System	537,010,000	0.08%	416,325
Splendora ISD	188,425,000	14.40%	27,162,755
Total Estimated Overlapping Debt			$ 28,645,254
The District			$ 40,595,000 (a)
Total Direct & Estimated Overlapping Debt			$ 69,240,254 (a)

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	% of 2023 Assessed Taxable Valuation	% the Estimated Taxable Valuation as of June 15, 2024
Direct Debt (a)	16.92%	13.50%
Direct and Estimated Overlapping Debt (a)	28.87%	23.02%

(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 purpose of acquiring or constructing the Utility System and to pay the expenses of assessing and collecting such taxes (see "RISK FACTORS – Future Debt"). In the Bond Resolution, the board can authorize to levy a tax for the Utility System debt service and the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment. "See "TAX DATA – Maintenance Tax."

Property Tax Code and County-wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility of appraising property for all taxing units within Montgomery County, including the District. Such appraisal values will be subject to review and change by the Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

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

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

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

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

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

Tax Abatement

Montgomery County, Texas (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, Montgomery 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 Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to 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 (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. 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 formally to include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 Tax Code.

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2024 tax year, the Board made the determination of the District's status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a separate continuing direct annual ad valorem taxes without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES". The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "RISK FACTORS"). For the 2023 tax year, the District has levied a total tax rate of $1.35 per $100 of assessed valuation. Such rate is composed of a maintenance and operations tax rate of $0.380 per $100 of assessed valuation; a Utility System debt service tax rate of $0.625 per $100 of assessed valuation: and a Road System debt service tax rate of $0.345 per $100 of assessed valuation.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance (general):	$1.50 per $100 Assessed Taxable Valuation.
Maintenance (roads):	$0.25 per $100 Assessed Taxable Valuation.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District has levied a maintenance tax every year since the 2019 tax year. See "– Tax Rate Distribution" below.

The District also has the authority to levy and collect an annual ad valorem tax for the maintenance of roads within the District, if such a maintenance tax is authorized by the District's voters. At the maintenance tax election conducted on November 5, 2019, voters of the District authorized the Board to levy a maintenance tax for roads at a rate not to exceed $0.25 per $100 of assessed valuation. To date, the District has not levied a maintenance tax for roads.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than

June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Tax Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Taxable Valuation which 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 2023 Certified Taxable Assessed Valuation ($239,860,921) or the Estimated Taxable Valuation as of June 15, 2024 ($300,736,296). 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 (2025-2049)	$2,603,570
Debt Service Tax Rate of $1.15 on 2023 Certified Taxable Assessed Valuation produces	$2,620,481
Debt Service Tax Rate of $0.92 on Estimated Valuation as of June 15, 2024, produces	$2,628,435
Maximum Annual Debt Service Requirement (2047)	$2,894,400
Debt Service Tax Rate of $1.28 on 2023 Certified Taxable Assessed Valuation produces	$2,916,709
Debt Service Tax Rate of $1.02 on Estimated Valuation as of June 15, 2024, produces	$2,914,135

Estimated Overlapping Taxes

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

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

Taxing Jurisdictions	2023 Tax Rate Per $100 of Assessed Taxable Valuation
The District	$1.350000
Emergency Service District 7	0.089600
Montgomery County	0.369600
Montgomery Hospital	0.049800
Lone Star College	0.107600
Splendora ISD	1.212200
Total Tax Rate	$3.178800

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Historical Tax Collections

Tax Year	Assessed Taxable Valuation	Tax Rate/ $100 (a)	Adjusted Levy	% of Collections Current Year	For the Year Ended September 30	% of Collections as of 6/30/2024
2019	$ 753,300	$1.350	10,170	100.00%	2020	100.00%
2020	1,971,660	1.350	26,617	100.00%	2021	100.00%
2021	26,034,624	1.350	351,467	100.00%	2022	99.87%
2022	120,995,747	1.350	1,633,443	99.06%	2023	99.50%
2023	239,860,921	1.350	3,238,122	97.94%	2024	98.88%

(a) See "Tax Rate Distribution."

Tax Rate Distribution

	2023	2022	2021	2020	2019
Utility System Debt Service	$0.625	$0.000	$0.000	$0.000	$0.000
Road System Debt Service	0.345	0.000	0.000	0.000	0.000
Maintenance & Operations	0.380	1.350	1.350	1.350	1.350
Total	$ 1.350	$1.350	$1.350	$1.350	$1.350

Assessed Taxable Valuation Summary

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

Type of Property	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation	2021 Assessed Taxable Valuation	2020 Assessed Taxable Valuation	2019 Assessed Taxable Valuation
Land	$ 52,426,100	$ 36,358,680	$ 14,386,990	$ 1,800,190	$ 903,390
Improvements	201,967,292	95,181,047	12,227,150	-	-
Personal Property	316,467	291,111	-	325,700	-
Exemptions	(14,848,938)	(10,835,091)	(579,516)	(154,230)	(150,090)
Total	$ 239,860,921	$ 120,995,747	$ 26,034,624	$ 1,971,660	$ 753,300

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2023 tax year.

Taxpayer	Type of Property	Assessed Taxable Valuation 2023 Tax Roll
DR Horton (a)	Land & Improvements	$ 5,679,480
Starlight Homes Texas LLC (a)	Land & Improvements	4,187,910
Forestar USA Real Estate Group Inc (b)	Land & Improvements	2,606,360
HMH Lifestyles LP (a)	Land & Improvements	2,164,480
Rodica Barad Family Limited Partnership LP & Nardi	Land & Improvements	2,363,920
Arg Vi LLC	Land & Improvements	1,293,200
Nexpoint SFR SPE 3 LLC	Land & Improvements	1,231,690
Hudson SFR Property Holdings II LLC	Land & Improvements	718,000
Home Rent 2 LLC	Land & Improvements	597,950
Homeowner	Land & Improvements	558,190
Total		$ 21,401,180
% of Respective Tax Roll		8.92%

(a) See "DEVELOPER – Homebuilders Within The District."
(b) See "DEVELOPER."

THE UTILITY SYSTEM

Regulation

According to the Engineer, the Utility System has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City and the Montgomery County Drainage District. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies, and the construction has been inspected by the TCEQ.

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

Water Supply

The District obtains water from one (1) water plant, which is owned, operated and maintained by the District. Water Plant No. 1 consists of two (2) 500 gpm water wells; two (2) 15,578 gallon hydro-pneumatic tanks; two (2) 247,217 gallon ground storage tanks; and four (4)900 gpm booster pumps. The District's water supply is currently capable of serving 1,666 ESFCs.

Wastewater Treatment

The District is leasing one (1) 135,000 GPD and one (1) 270,000 GPD wastewater treatment plant from AUC Group, Inc. ("AUC").

The TCEQ issued a wastewater discharge permit to the District, dated March 17, 2020, authorizing the treatment and disposal from the plant with a permitted maximum daily effluent flow not to exceed 0.495 MGD ultimately. The District is currently operating in the Interim III Phase of the permit which limits effluent to 0.475 MGD.

The District's wastewater capacity is currently capable of serving 1,350 ESFCs.

Storm-Water Drainage Facilities

Land within the District naturally drains north to south to a tributary of Spring Branch, then to Spring Branch and Caney Creek. Streets with curb and gutter and underground storm sewers are being constructed for each section as they are developed. The storm water is conveyed through the storm sewers and then through a detention pond which outfalls to State Highway 242 to offset increased rainfall run off associated with development. The detention facilities serve as the primary runoff conveyance system, generally draining south.

Permanent storm water quality facilities are not required by regulatory agencies at this time.

100-Year Flood Plain

No land within the District is located in the 100-year flood plain.

THE ROAD SYSTEM

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

General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's Utility System. Such summary has been prepared by the Financial Advisor for inclusion herein, 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."

	Fiscal Year Ended				
	11/30/23	11/30/22	11/30/21	11/30/20	11/30/19
REVENUES					
Water Service	$ 421,105	$ 505,012	$ 78,670	$ 14,416	$ -
Sewer Service	832,812	625,814	210,990	20,240	-
Property Taxes	1,628,724	342,501	27,243	10,169	-
Penalties and Interest	28,370	26,756	8,969	-	-
Groundwater pumpage fees	9,369	5,943	63,420	8,700	-
Tap connection and Inspection	113,744	765,190	478,765	158,260	-
Miscellaneous	4,335	1,210	585	20	-
Investment Earnings	76,706	1,342	27	60	-
TOTAL REVENUES	$ 3,115,165	$2,273,768	$ 868,669	$ 211,865	$ -
EXPENDITURES					
Professional Fees	$ 161,043	$ 196,063	$ 118,420	$ 159,544	$ 71,349
Contracted Services	386,384	705,774	337,208	111,544	3,450
Repairs and Maintenance	897,621	627,314	480,390	232,654	-
Utilities	72,305	57,624	31,373	5,206	-
Groundwater pumpage fees	-	-	32,805	13,814	-
Administrative	64,176	60,890	29,572	17,706	9,142
Other	5,259	10,565	35,820	1,669	1,448
Debt Service		-	-	-	-
Lease – Principal	161,017	128,830	89,513	-	_
Lease –Interest	135,833	9,170	13,987	-	-
Capital				-	-
Capital Outlay	59,545	-	-	-	-
Right-to-use leased asset	-	2,744,631 (b)	1,240,516 (b)	-	-
Developer Interest	-	-	-	-	-
TOTAL EXPENDITURES	$ 1,943,183	$4,540,861	$1,169,088	$ 542,137	$ 85,389
Revenues Under Expenditures	$ 1,171,982	$(2,267,093)	$ (300,419)	$ (330,272)	$ (85,389)
Other Financing Sources					
Internal Transfer	$ 158,608	$ 66,000	$ -	$ -	$ -
Lease financing	-	2,744,631	1,240,516		
Developer advances	-	$ 312,700	$ 125,000		
Other Items	$ _	$ 46,619			
Net Change in Fund Balance	1,330,590	590,157	(179,419)	59,728	(60,389)
Balance, Beg of Year	$ 414,007	$ (176,080)	$ (661)	$ (60,389)	$ -
Balance, End of Year	$ 1,744,667	$ 414,007	$ (176,080)	$ (661)	$ (60,389)

(a) Unaudited, provided by the District's Bookkeeper.

(b) Represents the balance of the right-to-use leased wastewater treatment plant contract entered into by the District during the applicable fiscal year.

LEGAL MATTERS

Legal Opinions

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

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds are not “qualified tax-exempt obligations” within the meaning of section 265(b) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included under “DISTRICT DEBT” (except under the subheadings “Estimated Direct and Overlapping Debt Statement”), “TAX DATA,” and “APPENDIX A.” The District will update and provide this information within six (6) months after the end of each of its fiscal years. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six (6) month period, and audited financial statements when the audit report becomes available.

The District’s current fiscal year end is November 30. Accordingly, it must provide updated information by the last day in May in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligations” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 of the Securities Exchange Act (the “Rule”). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The Bonds are the third issuance of bonded indebtedness by the District. The District has complied in all material respects with its continuing disclosure undertakings in accordance with the Rule.

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OFFICIAL STATEMENT

General

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

The financial statements of the District as of November 30, 2023, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's November 30, 2023, audited financial statements.

Experts

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

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser 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 which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of East Montgomery County Municipal Utility District No. 12 as of the date shown on the first page hereof.

/s/ Rachel Stringer ____________________
President, Board of Directors
East Montgomery County Municipal Utility District No. 12

ATTEST:

/s/ Michael Others ______________________
Secretary, Board of Directors
East Montgomery County Municipal Utility District No. 12

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

EAST MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 12

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

November 30, 2023

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McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
East Montgomery County Municipal Utility District No. 12
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Montgomery County Municipal Utility District No. 12 (the "District"), as of and for the year ended November 30, 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 East Montgomery County Municipal Utility District No. 12, as of November 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
March 19, 2024

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of East Montgomery County Municipal Utility District No. 12 (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 November 30, 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 November 30, 2023, was negative $23,276,984. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of November 30, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	$ 6,548,726	$ 2,829,473
Capital assets	32,030,144	29,174,202
Total assets	38,578,870	32,003,675
Current liabilities	1,916,805	13,585,670
Long-term liabilities	56,863,757	32,707,672
Total liabilities	58,780,562	46,293,342
Total deferred inflows of resources	3,075,292	1,635,737
Net position		
Net investment in capital assets	(8,284,837)	(2,793,513)
Restricted	201,882	(241,511)
Unrestricted	(15,194,029)	(12,890,380)
Total net position	$ (23,276,984)	$ (15,925,404)

The total net position of the District decreased during the current fiscal year by $7,351,580. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2023	2022
Revenues		
Property taxes, penalties and interest	$ 1,679,479	$ 380,209
Water and sewer service	1,253,917	1,130,826
Other	238,544	773,685
Total revenues	3,171,940	2,284,720
Expenses		
Current service operations	1,685,336	1,735,791
Debt interest and fees	1,088,188	250,682
Developer interest	2,763,251	
Debt issuance costs	2,623,382	250,000
Depreciation/amortization	936,654	625,296
Total expenses	9,096,811	2,861,769
Change in net position before other item	(5,924,871)	(577,049)
Other items		
Write off of accrued expenses payable		46,619
Transfers to other governments	(1,426,709)	(9,272,979)
Change in net position	(7,351,580)	(9,803,409)
Net position, beginning of year	(15,925,404)	(6,121,995)
Net position, end of year	$ (23,276,984)	$ (15,925,404)

Financial Analysis of the District's Funds

The District's combined fund balances, as of November 30, 2023, were $2,639,431, which consists of $1,744,667 in the General Fund, $548,117 in the Debt Service Fund and $346,647 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of November 30, 2023 and 2022, is as follows:

	2023	2022
Total assets	$ 3,439,254	$ 2,814,918
Total liabilities	$ 813,365	$ 754,153
Total deferred inflows	881,222	1,646,688
Total fund balance	1,744,667	414,077
Total liabilities, deferred inflows and fund balance	$ 3,439,254	$ 2,814,918

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

	2023	2022
Total revenues	$ 3,115,165	$ 2,273,768
Total expenditures	(1,943,183)	(4,540,861)
Revenues over/(under) expenditures	1,171,982	(2,267,093)
Other changes in fund balance	158,608	2,857,250
Net change in fund balance	$ 1,330,590	$ 590,157

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2022 levy was as recognized as revenues in the 2023 fiscal year, while the 2021 levy was recognized in the 2022 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because assessed values increased from 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.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes.

A summary of the Debt Service Fund's financial position as of November 30, 2023 is as follows:

Total assets	$ 2,762,825
Total liabilities	$ 1,257
Total deferred inflows	2,213,451
Total fund balance	548,117
Total liabilities, deferred inflows and fund balance	$ 2,762,825

A summary of activities of the Debt Service Fund for the current year is as follows:

Total revenues	$ 35,516
Total expenditures	(463,493)
Revenues under expenditures	(427,977)
Other changes in fund balance	976,094
Net change in fund balance	$ 548,117

Capital Projects Fund

A comparative summary of the Capital Project Fund's financial positions of November 30, 2023 and 2022 is as follows:

	2023	2022
Total assets	$ 346,647	$ 14,555
Total liabililities	$ -	$ 1,126
Total fund balance	346,647	13,429
Total liabilities and fnnd balance	$ 346,647	$ 14,555

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

	2023	2022
Total revenues	$ 12,829	$ -
Total expenditures	(21,134,909)	(11,755,571)
Revenues under expenditures	(21,122,080)	(11,755,571)
Other changes in fund balance	21,455,298	11,769,000
Net change in fund balance	$ 333,218	$ 13,429

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds and Series 2023 Unlimited Tax Road Bonds in the current year and issuance of its Series 2022 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board 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 $1,159,890 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at November 30, 2023 and 2022, are summarized as follows:

	2023	2022
Capital assets not being depreciated		
Land and improvements	$ 4,044,035	$ 3,855,577
Capital assets being depreciated/amortizated		
Infrastructure	23,493,530	22,451,288
Landscaping improvements	2,120,070	
Other facilities	441,826	
Right-to-use leased asset	3,985,147	3,985,147
	30,040,573	26,436,435
Less accumulated depreciation/amortization		
Infrastructure	(1,425,123)	(900,719)
Landscaping improvements	(106,003)	
Other facilities	(22,092)	
Right-to-use leased asset	(501,246)	(217,091)
	(2,054,464)	(1,117,810)
Depreciable capital assets, net	27,986,109	25,318,625
Capital assets, net	$ 32,030,144	$ 29,174,202

Capital asset additions during the current year include the following:
- Water Plant, Phase 2
- Water Plant fence replacement
- Harrington Trails Phase 1 and 2 landscape improvements

Additionally, Montgomery County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended November 30, 2023, capital assets in the amount of $1,426,709 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 11.

Lease Obligations

The District has entered into various equipment lease obligations for wastewater treatment plants. The District recognized right-to-use leased assets and lease obligations in the amount of $3,985,147 for these leases. The balance due for the leases as of November 30, 2023, was $3,559,462.

Long-Term Debt and Related Liabilities

As of November 30, 2023, the District owes approximately $19,120,243 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $1,039,844 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

During the current year, the District issued $20,635,000 in unlimited tax bonds and $14,305,000 in unlimited tax road bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of November 30, 2022.

At November 30, 2023, the District had $86,866,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $5,000,000 for parks and recreational facilities and the refunding of such bonds; and $37,277,000 for road improvements and the refunding of such bonds.

Next Year's Budget

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

	2023 Actual	2024 Budget
Total revenues	$ 3,115,165	$ 2,217,500
Total expenditures	(1,943,183)	(1,882,200)
Revenues over expenditures	1,171,982	335,300
Other changes in fund balance	158,608	
Net change in fund balance	1,330,590	335,300
Beginning fund balance	414,077	1,744,667
Ending fund balance	$ 1,744,667	$ 2,079,967

Basic Financial Statements

East Montgomery County Municipal Utility District No. 12
Statement of Net Position and Governmental Fund Balance Sheet
November 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 268,615	$ 55,733	$ 21,554	$ 345,902	$ -	$ 345,902
Investments	2,009,726	581,633	258,493	2,849,852		2,849,852
Taxes receivable	854,432	2,145,066		2,999,498		2,999,498
Customer service receivables	147,454			147,454		147,454
Prepaid items	102,306		66,600	168,906		168,906
Internal balances	19,607	(19,607)				
Other receivables	37,114			37,114		37,114
Capital assets not being depreciated					4,044,035	4,044,035
Capital assets, net					27,986,109	27,986,109
Total Assets	$ 3,439,254	$ 2,762,825	$ 346,647	$ 6,548,726	32,030,144	38,578,870
Liabilities						
Accounts payable	$ 93,333	$ -	$ -	$ 93,333		93,333
Other payables	5,078	1,257		6,335		6,335
Customer deposits	679,174			679,174		679,174
Builder deposits	24,500			24,500		24,500
Unearned revenue	11,280			11,280		11,280
Accrued interest payable					346,235	346,235
Due to developer					19,120,243	19,120,243
Lease obligations						
Due within one year					290,948	290,948
Due after one year					3,268,514	3,268,514
Long-term debt						
Due within one year					465,000	465,000
Due after one year					34,475,000	34,475,000
Total Liabilities	813,365	1,257		814,622	57,965,940	58,780,562
Deferred Inflows of Resources						
Deferred property taxes	881,222	2,213,451		3,094,673	(19,381)	3,075,292
Fund Balance/Net Position						
Fund Balance						
Nonspendable	102,306			102,306	(102,306)	
Restricted		548,117	346,647	894,764	(894,764)	
Unassigned	1,642,361			1,642,361	(1,642,361)	
Total Fund Balance	1,744,667	548,117	346,647	2,639,431	(2,639,431)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,439,254	$ 2,762,825	$ 346,647	$ 6,548,726		
Net Position						
Net investment in capital assets					(8,284,837)	(8,284,837)
Restricted for debt service					201,882	201,882
Unrestricted					(15,194,029)	(15,194,029)
Total Net Position					$ (23,276,984)	$ (23,276,984)

See notes to basic financial statements.

East Montgomery County Municipal Utility District No. 12
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended November 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 421,105	$ -	$ -	$ 421,105	$ -	$ 421,105
Sewer service	832,812			832,812		832,812
Property taxes	1,628,724			1,628,724	6,608	1,635,332
Penalties and interest	28,370	13,955		42,325	1,822	44,147
Groundwater pumpage fees	9,369			9,369		9,369
Tap connection and inspection	113,744			113,744		113,744
Miscellaneous	4,335			4,335		4,335
Investment earnings	76,706	21,561	12,829	111,096		111,096
Total Revenues	3,115,165	35,516	12,829	3,163,510	8,430	3,171,940
Expenditures/Expenses						
Current service operations						
Professional fees	161,043		60,985	222,028		222,028
Contracted services	386,384	28,318		414,702		414,702
Repairs and maintenance	897,621			897,621		897,621
Utilities	72,305			72,305		72,305
Administrative	64,176	8,875		73,051		73,051
Other	5,259		370	5,629		5,629
Capital						
Capital outlay	59,545		15,219,265	15,278,810	(15,278,810)	
Debt service						
Interest and fees		426,300	367,756	794,056	104,724	898,780
Developer interest			2,763,251	2,763,251		2,763,251
Debt issuance costs			2,623,382	2,623,382		2,623,382
Lease - principal	161,017		46,325	207,342	(207,342)	
Lease - interest	135,833		53,575	189,408		189,408
Depreciation/amortization					936,654	936,654
Total Expenditures/Expenses	1,943,183	463,493	21,134,909	23,541,585	(14,444,774)	9,096,811
Revenues Over (Under) Expenditures/Expenses	1,171,982	(427,977)	(21,122,080)	(20,378,075)	14,453,204	(5,924,871)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		952,856	33,987,144	34,940,000	(34,940,000)	
Repayment of bond anticipation note			(12,350,000)	(12,350,000)	12,350,000	
Internal transfers	158,608	23,238	(181,846)			
Other Items						
Transfers to other governments					(1,426,709)	(1,426,709)
Net Change in Fund Balance	1,330,590	548,117	333,218	2,211,925	(2,211,925)	
Change in Net Position					(7,351,580)	(7,351,580)
Fund Balance/Net Position						
Beginning of the year	414,077		13,429	427,506	(16,352,910)	(15,925,404)
End of the year	$ 1,744,667	$ 548,117	$ 346,647	$ 2,639,431	$ (25,916,415)	$ (23,276,984)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of East Montgomery County Municipal Utility District No. 12 (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 Acts 2005, 79th Legislature, R.S. Chapter 843 and Senate Bill 887, dated September 1, 2005, and operates in accordance with the Texas Water Code, Chapters 49 and 54. Acts 2005 was amended by Acts 2019, 86th Legislature, R.S Chapter 149 and House Bill 4654, dated May 24, 2019, granting the District road powers. The District also operates under Section 52, Article III and Section 59, Article XVI of the Texas Constitution. The Board of Directors held its first meeting on July 22, 2019 and the first bonds were issued on March 2, 2023.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage and park recreational facilities. As further discussed in Note 11, the District also constructs public road improvements which are accepted by Montgomery County for operations and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current year, financial resources primarily consisted of capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer 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 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At November 30, 2023, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

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

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. Right-to-use leased assets are valued at the present value of lease payments. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Capital assets are depreciated/amortized using the straight-line method as follows:

Assets	Useful Life
Infrastructure	30-45 years
Landscape improvements	20 years
Other facilities	20 years
Right-to-use leased assets	10 years

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

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2023 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2023 property tax levy, which was levied to finance the 2024 fiscal year.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to 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 Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 2,639,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 34,084,608	
Less accumulated depreciation/amortization	(2,054,464)	
Change due to capital assets		32,030,144
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable net	(34,940,000)	
Interest payable on bonds	(346,235)	
Change due to long-term debt		(35,286,235)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(19,120,243)
Obligations under leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(3,559,462)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		19,381
Total net position - governmental activities		$ (23,276,984)

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

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

Net change in fund balances - total governmental funds		$ 2,211,925
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		8,430
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset. Public roads are conveyed to Montgomery County upon completion of construction.		
Capital outlays	$ 15,278,810	
Depreciation expense	(936,654)	
Transfers to other governments	(1,426,709)	
		12,915,447
Governmental funds report the principal portion of lease payments as expenditures in the funds; however, in the *Statement of Net Position*, these principal payments are recorded as a reduction to the long-term lease liability.		207,342
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(34,940,000)	
Repayment of bond anticipation note	12,350,000	
Interest expense accrual	(104,724)	
		(22,694,724)
Change in net position of governmental activities		$ (7,351,580)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

As of November 30, 2023, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
TexSTAR	General	$ 2,009,726			
	Debt Service	581,633			
	Capital Projects	258,493			
		$ 2,849,852	100%	AAAm	40 days

Note 3 – Deposits and Investments (continued)

TexSTAR

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

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at November 30, 2023, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 19,607	Maintenance tax collections not remitted as of year end

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

Note 4 – Interfund Balances and Transactions (continued)

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

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	$ 181,846	Reimbursement of wastewater treatment plant lease payments and debt issuance costs paid by the General Fund
General Fund	Debt Service Fund	23,238	Maintenance tax collections used to finance tax collection expenditures

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended November 30, 2023, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 3,855,577	$ 188,458	$ 4,044,035
Capital assets being depreciated/amortized			
Infrastructure	22,451,288	1,042,242	23,493,530
Landscaping improvements		2,120,070	2,120,070
Other facilities		441,826	441,826
Right-to-use leased asset	3,985,147		3,985,147
	26,436,435	3,604,138	30,040,573
Less accumulated depreciation/amortization			
Infrastructure	(900,719)	(524,404)	(1,425,123)
Landscaping improvements		(106,003)	(106,003)
Other facilities		(22,092)	(22,092)
Right-to-use leased asset	(217,091)	(284,155)	(501,246)
	(1,117,810)	(936,654)	(2,054,464)
Subtotal depreciable capital assets, net	25,318,625	2,667,484	27,986,109
Capital assets, net	$ 29,174,202	$ 2,855,942	$ 32,030,144

Depreciation/amortization expense for the current year was $936,654.

Note 6 – Bond Anticipation Note

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

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $12,350,000. This BAN was repaid on March 2, 2023, with proceeds from the issuance of the District's Series 2023 Unlimited Tax Bonds.

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

Beginning balance	$ 12,350,000
Amounts repaid	(12,350,000)
Ending balance	$ -

Note 7 – Due to Developers

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

The District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	$ 29,179,748
Developer funded construction and adjustments	5,159,760
Developer reimbursements	(15,219,265)
Due to developer, end of year	$ 19,120,243

Note 7 – Due to Developers (continued)

In addition, the District will owe the developers approximately $1,039,844, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Harrington Trails detention pond rehabilitation and landscape improvements	$ 919,159	0%
Harrington Trails Phase 2 landscape improvements completion project	120,685	90%
	$ 1,039,844	

Note 8 - Lease Obligations

On April 21, 2020, the District entered into an equipment lease agreement for the wastewater treatment plant, phase 1. This lease is for a 120-month term at rate of 8.75% with payments commencing March 1, 2021. The lease agreement shall automatically be extended for successive 90-day periods after the initial term, unless otherwise terminated. The District recognized a lease liability and an intangible right-to-use leased asset in the amount of $1,240,516 which is measured at the present value of future payments. The remaining balance of the liability at November 30, 2023, is $921,971. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $11,500 for the first 24 months and then $14,350 for all months after. Total annual payments are $163,650, which includes principal of $100,202 and interest of $63,448.

On April 11, 2022, the District entered into an equipment lease agreement for the wastewater treatment plant, phase 2. This lease is for a 120-month term. This lease is for a 120-month term at rate of 8% with payments commencing May 1, 2023. The lease agreement shall automatically be extended for successive 90-day periods after the initial term, unless otherwise terminated. The District recognized a lease liability and an intangible right-to-use leased asset in the amount of $2,744,631 which is measured at the present value of future payments. The remaining balance of the liability at November 30, 2023, is $2,637,491. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $33,300. Total annual payments are $233,100, which includes principal of $107,140 and interest of $125,960.

Note 8 - Lease Obligations (continued)

Annual requirements to amortize long-term lease obligations and related interest are as follows:

Year	Principal	Interest	Total
2024	$ 290,948	$ 280,852	$ 571,800
2025	315,870	255,930	571,800
2026	342,930	228,870	571,800
2027	372,312	199,488	571,800
2028	404,213	167,587	571,800
2029 - 2033	1,833,189	319,161	2,152,350
	$ 3,559,462	$ 1,451,888	$ 5,011,350
Due within one year	$ 290,948	$ 280,852	$ 571,800

Note 9 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 34,940,000
Due within one year	$ 465,000

The District's bonds payable at November 30, 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
2023	$ 20,635,000	$ 20,635,000	3.25% - 5.75%	September 1, 2024/2047	March 1, September 1	March 1, 2029
2023 Road	14,305,000	14,305,000	4.00% - 6.50%	September 1, 2025/2048	March 1, September 1	September 1, 2029
	$ 34,940,000					

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 November 30, 2023, the District had authorized but unissued bonds in the amount of $86,866,000 for water, sewer and drainage facilities and the refunding of such bonds; $5,000,000 for park and recreational facilities and the refunding of such bonds; and $37,277,000 and the refunding of such bonds.

Note 9 – Long-Term Debt (continued)

On March 2, 2023, the District issued its $20,635,000 Series 2023 Unlimited Tax Bonds at a net effective interest rate of 4.192448%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $12,350,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

On September 19, 2023, the District issued its $14,305,000 Series 2023 Unlimited Tax Roads Bonds at a net effective interest rate of 4.636090%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$ -
Bonds issued	34,940,000
Bonds payable, end of year	$ 34,940,000

Note 9 – Long-Term Debt (continued)

As of November 30, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	$ 465,000	$ 1,491,596	$ 1,956,596
2025	815,000	1,498,238	2,313,238
2026	860,000	1,448,901	2,308,901
2027	900,000	1,396,826	2,296,826
2028	945,000	1,342,338	2,287,338
2029	990,000	1,285,151	2,275,151
2030	1,040,000	1,225,222	2,265,222
2031	1,090,000	1,178,376	2,268,376
2032	1,145,000	1,134,151	2,279,151
2033	1,200,000	1,088,888	2,288,888
2034	1,260,000	1,041,488	2,301,488
2035	1,325,000	994,863	2,319,863
2036	1,390,000	945,838	2,335,838
2037	1,455,000	890,238	2,345,238
2038	1,530,000	832,038	2,362,038
2039	1,600,000	770,075	2,370,075
2040	1,680,000	705,281	2,385,281
2041	1,765,000	636,419	2,401,419
2042	1,845,000	564,069	2,409,069
2043	1,935,000	488,442	2,423,442
2044	2,030,000	408,175	2,438,175
2045	2,130,000	323,973	2,453,973
2046	2,235,000	235,623	2,470,623
2047	2,345,000	141,823	2,486,823
2048	965,000	43,425	1,008,425
	$ 34,940,000	$ 22,111,457	$ 57,051,457

Note 10 – Property Taxes

On November 5, 2019, 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 authorized the District's Board of Directors to levy taxes annually for road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 10 – 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 $1.35 per $100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was $1,635,553 on the adjusted taxable value of $121,152,052.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2023 levy collections in the amount of $95,174 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2023 tax levy of $3,075,292 is reported as deferred inflows. These amounts will be recognized as revenue in 2024.

Note 11 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended November 30, 2023, the District recorded transfers to other governments in the amount of $1,426,709 for road facilities constructed by a developer within the District.

Note 12 – Risk Management

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

Required Supplementary Information

East Montgomery County Municipal Utility District No. 12
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended November 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 175,000	$ 421,105	$ 246,105
Sewer service	375,000	832,812	457,812
Property taxes	1,540,000	1,628,724	88,724
Penalties and interest	13,500	28,370	14,870
Tap connection and inspection	354,500	113,744	(240,756)
Groundwater pumpage fees		9,369	9,369
Miscellaneous		4,335	4,335
Investment earnings		76,706	76,706
Total Revenues	2,458,000	3,115,165	657,165
Expenditures			
Current service operations			
Professional fees	177,000	161,043	15,957
Contracted services	937,000	386,384	550,616
Repairs and maintenance	604,000	897,621	(293,621)
Utilities	50,500	72,305	(21,805)
Groundwater pumpage fees	7,000		7,000
Administrative	53,300	64,176	(10,876)
Other	58,500	5,259	53,241
Capital			
Capital outlay		59,545	(59,545)
Debt service			
Lease - principal	400,000	161,017	238,983
Lease - interest		135,833	(135,833)
Total Expenditures	2,287,300	1,943,183	344,117
Revenues Over Expenditures	170,700	1,171,982	1,001,282
Other Financing Sources			
Internal transfers		158,608	158,608
Net Change in Fund Balance	170,700	1,330,590	1,159,890
Fund Balance			
Beginning of the year	414,077	414,077	
End of the year	$ 584,777	$ 1,744,667	$ 1,159,890

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.

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Texas Supplementary Information

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

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

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

[ ] Other (Specify): ______

2. Retail Service Providers

a. Retail Rates for a 1" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 15.00	6,000	N	$ 1.75	6,001	to	10,000
				2.50	10,001	to	15,000
				3.25	15,001	to	20,000
				4.00	20,001	to	30,000
				5.00	30,001	to	no limit
Wastewater:	$ 65.80	- 0 -	Y			to	

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

Total charges per 10,000 gallons usage: Water $ 22.00 Wastewater $ 65.80

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,101	1,098	x 1.0	1,098
1"	5	5	x 2.5	13
1.5"			x 5.0	
2"	12	12	x 8.0	96
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,119	1,116		1,232
Total Wastewater	1,100	1,097	x 1.0	1,097

See accompanying auditor's report.

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

Gallons pumped into system:	119,702,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	110,126,000	92.00%

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.

East Montgomery County Municipal Utility District No. 12
TSI-2 General Fund Expenditures
For the Year Ended November 30, 2023

Professional fees		
Legal	$	88,019
Audit		12,000
Engineering		61,024
		161,043
Contracted services		
Bookkeeping		11,987
Operator		87,235
Garbage collection		209,190
Tap connection and inspection		77,972
		386,384
Repairs and maintenance		897,621
Utilities		72,305
Administrative		
Directors fees		9,283
Printing and office supplies		12,825
Insurance		25,615
Other		16,453
		64,176
Other		5,259
Capital		
Capital outlay		59,545
Debt service		
Leases - principal		161,017
Leases - interest		135,833
		296,850
Total expenditures	$	1,943,183

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-3. Investments
November 30, 2023

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 2,009,726
Debt Service			
TexSTAR	Variable	N/A	230,726
TexSTAR	Variable	N/A	350,907
			581,633
Capital Projects			
TexSTAR	Variable	N/A	258,493
Total - All Funds			$ 2,849,852

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-4. Taxes Levied and Receivable
November 30, 2023

	Maintenance Taxes	Debt Service	Road Debt Service	Total
Taxes Receivable, Beginning of Year	$ 1,598,848	$ -	$ -	$ 1,598,848
Adjustments to Prior Year Tax Levy	(3,858)			(3,858)
Adjusted Receivable	1,594,990			1,594,990
2023 Original Tax Levy	802,390	1,319,720	728,485	2,850,595
Adjustments	63,248	104,026	57,423	224,697
Adjusted Tax Levy	865,638	1,423,746	785,908	3,075,292
Total to be accounted for	2,460,628	1,423,746	785,908	4,670,282
Tax collections:				
Current year	26,790	44,062	24,322	95,174
Prior year	1,579,406			1,579,406
Total Collections	1,606,196	44,062	24,322	1,674,580
Taxes Receivable, End of Year	$ 854,432	$ 1,379,684	$ 761,586	$ 2,995,702
Taxes Receivable, By Years				
2023	$ 838,848	$ 1,379,684	$ 761,586	$ 2,980,118
2022	12,512			12,512
2021	3,072			3,072
Taxes Receivable, End of Year	$ 854,432	$ 1,379,684	$ 761,586	$ 2,995,702

	2023	2022	2021	2020
Property Valuations:				
Land	$ 50,386,100	$ 36,358,680	$ 14,386,990	$ 1,800,190
Improvements	190,562,300	95,254,255	12,227,150	
Personal Property	311,401	291,111		325,700
Exemptions	(13,460,429)	(10,751,994)	(579,516)	(154,230)
Total Property Valuations	$ 227,799,372	$ 121,152,052	$ 26,034,624	$ 1,971,660
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.380	$ 1.35	$ 1.35	$ 1.35
Debt Service	0.625			
Road Debt Service	0.345			
Total Tax Rates per $100 Valuation	$ 1.350	$ 1.35	$ 1.35	$ 1.35
Adjusted Tax Levy:	$ 3,075,292	$ 1,635,553	$ 351,467	$ 26,617
Percentage of Taxes Collected to Taxes Levied **	3.09%	99.23%	99.13%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 5, 2019
** Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 5, 2019

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

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
Series 2023 --by Years
November 30, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 465,000	$ 857,364	$ 1,322,364
2025	485,000	830,625	1,315,625
2026	510,000	802,738	1,312,738
2027	535,000	773,413	1,308,413
2028	565,000	742,650	1,307,650
2029	590,000	710,163	1,300,163
2030	620,000	676,234	1,296,234
2031	650,000	651,438	1,301,438
2032	685,000	630,313	1,315,313
2033	720,000	608,050	1,328,050
2034	755,000	584,650	1,339,650
2035	795,000	558,225	1,353,225
2036	835,000	530,400	1,365,400
2037	875,000	497,000	1,372,000
2038	920,000	462,000	1,382,000
2039	965,000	425,200	1,390,200
2040	1,015,000	386,600	1,401,600
2041	1,065,000	346,000	1,411,000
2042	1,115,000	303,400	1,418,400
2043	1,170,000	258,800	1,428,800
2044	1,230,000	212,000	1,442,000
2045	1,290,000	162,800	1,452,800
2046	1,355,000	111,200	1,466,200
2047	1,425,000	57,000	1,482,000
	$ 20,635,000	$ 12,178,263	$ 32,813,263

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
November 30, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ -	$ 634,232	$ 634,232
2025	330,000	667,613	997,613
2026	350,000	646,163	996,163
2027	365,000	623,413	988,413
2028	380,000	599,688	979,688
2029	400,000	574,988	974,988
2030	420,000	548,988	968,988
2031	440,000	526,938	966,938
2032	460,000	503,838	963,838
2033	480,000	480,838	960,838
2034	505,000	456,838	961,838
2035	530,000	436,638	966,638
2036	555,000	415,438	970,438
2037	580,000	393,238	973,238
2038	610,000	370,038	980,038
2039	635,000	344,875	979,875
2040	665,000	318,681	983,681
2041	700,000	290,419	990,419
2042	730,000	260,669	990,669
2043	765,000	229,642	994,642
2044	800,000	196,175	996,175
2045	840,000	161,173	1,001,173
2046	880,000	124,423	1,004,423
2047	920,000	84,823	1,004,823
2048	965,000	43,425	1,008,425
	$ 14,305,000	$ 9,933,194	$ 24,238,194

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
November 30, 2023

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ 465,000	$ 1,491,596	$ 1,956,596
2025	815,000	1,498,238	2,313,238
2026	860,000	1,448,901	2,308,901
2027	900,000	1,396,826	2,296,826
2028	945,000	1,342,338	2,287,338
2029	990,000	1,285,151	2,275,151
2030	1,040,000	1,225,222	2,265,222
2031	1,090,000	1,178,376	2,268,376
2032	1,145,000	1,134,151	2,279,151
2033	1,200,000	1,088,888	2,288,888
2034	1,260,000	1,041,488	2,301,488
2035	1,325,000	994,863	2,319,863
2036	1,390,000	945,838	2,335,838
2037	1,455,000	890,238	2,345,238
2038	1,530,000	832,038	2,362,038
2039	1,600,000	770,075	2,370,075
2040	1,680,000	705,281	2,385,281
2041	1,765,000	636,419	2,401,419
2042	1,845,000	564,069	2,409,069
2043	1,935,000	488,442	2,423,442
2044	2,030,000	408,175	2,438,175
2045	2,130,000	323,973	2,453,973
2046	2,235,000	235,623	2,470,623
2047	2,345,000	141,823	2,486,823
2048	965,000	43,425	1,008,425
	$ 34,940,000	$ 22,111,457	$ 57,051,457

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-6. Change in Long-Term Bonded Debt
November 30, 2023

	Bond Issue		
	Series 2023	Seies 2023 Road	Totals
Interest rate	3.25% - 5.75%	4.00% - 6.50%	
Dates interest payable	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/24 - 9/1/47	9/1/25 - 9/1/48	
Beginning bonds outstanding	$ -	$ -	$ -
Bonds issued	20,635,000	14,305,000	34,940,000
Ending bonds outstanding	$ 20,635,000	$ 14,305,000	$ 34,940,000
Interest paid during fiscal year	$ 426,300	$ -	$ 426,300
Paying agent's name and city			
Series 2023	BOK Financial, N.A - Dallas, Teas		

Bond Authority:	Water, Sewer and Drainage Bonds	Recreational Bonds	Road Bonds
Amount Authorized by Voters	$ 107,501,000	$ 5,000,000	$ 51,582,000
Amount Issued	(20,635,000)		(14,305,000)
Remaining To Be Issued	$ 86,866,000	$ 5,000,000	$ 37,277,000

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 November 30, 2023:	$ 637,366
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,282,058

See accompanying auditors' report.

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East Montgomery County Municipal Utility District No. 12
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	$ 421,105	$ 505,012	$ 78,670	$ 14,416	$ -
Sewer service	832,812	625,814	210,990	20,240	
Property taxes	1,628,724	342,501	27,243	10,169	
Penalties and interest	28,370	26,756	8,969		
Groundwater pumpage fees	9,369	5,943	63,420	8,700	
Tap connection and inspection	113,744	765,190	478,765	158,260	
Miscellaneous	4,335	1,210	585	20	
Investment earnings	76,706	1,342	27	60	
Total Revenues	3,115,165	2,273,768	868,669	211,865	
Expenditures					
Current service operations					
Professional fees	161,043	196,063	118,420	159,544	71,349
Contracted services	386,384	705,774	337,208	111,544	3,450
Repairs and maintenance	897,621	627,314	480,390	232,654	
Utilities	72,305	57,624	31,373	5,206	
Groundwater pumpage fees			32,805	13,814	
Administrative	64,176	60,890	29,572	17,706	9,142
Other	5,259	10,565	35,820	1,669	1,448
Capital					
Right-to-use leased asset		2,744,631	1,240,516		
Capital outlay	59,545				
Debt Service					
Lease - principal	161,017	128,830	89,513		
Lease - interest	135,833	9,170	13,987		
Total Expenditures	1,943,183	4,540,861	2,409,604	542,137	85,389
Revenues Over/(Under) Expenditures	$ 1,171,982	$ (2,267,093)	$ (1,540,935)	$ (330,272)	$ (85,389)

*Percentage is negligible

***Fiscal year 2021 expenditures have been adjusted to include capital outlay for the District's right-to-use lease asset

	2023	2022	2021***	2020	2019
Total Active Retail Water Connections	1,116	1,057	461	108	N/A
Total Active Retail Wastewater Connections	1,097	1041	452	105	N/A

See accompanying auditors' report.

Percent of Fund Total Revenues				
2023	2022	2021***	2020	2019
14%	22%	9%	7%	-
27%	28%	24%	10%	
52%	15%	3%	5%	
1%	1%	1%		
*	*	7%	4%	
4%	34%	56%	74%	
*	*	*	*	
2%	*	*	*	
100%	100%	100%	100%	-
5%	9%	14%	75%	-
12%	31%	39%	53%	-
29%	28%	55%	110%	
2%	3%	4%	2%	
		4%	7%	
2%	3%	3%	8%	-
*	*	4%	1%	-
	121%	143%		
2%				
5%	6%	10%		
4%	*	2%		
50%	74%	278%	256%	-
50%	26%	(178%)	(156%)	-

East Montgomery County Municipal Utility District No. 12
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts	Percent of Fund Total Revenues
	2023	2023
Revenues		
Penalties and interest	$ 13,955	39%
Investment earnings	21,561	61%
Total Revenues	35,516	100%
Expenditures		
Tax collection services	37,193	105%
Debt service		
Interest and fees	426,300	1200%
Total Expenditures	463,493	1305%
Revenues Under Expenditures	$ (427,977)	(1205%)

*Percentage is negligible

See accompanying auditors' report.

East Montgomery County Municipal Utility District No. 12
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended November 30, 2023

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 18, 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				
Rachel Stringer	05/22 - 05/26	$ 2,005	$ 257	President
Virginia French	05/22 - 05/26	2,155	202	Vice President
Michael Others	05/20 - 05/24	2,155	312	Secretary
Erin Patterson	05/22 - 05/26	1,934	78	Assistant Vice President
Aaron Tomhave	07/23 - 05/24	663	103	Assistant Secretary
Valerie Mullan	05/20 - 07/23	971	351	Former Director
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2019			Attorney
General legal fees		$ 96,090		
Bond counsel		769,656		
Municipal District Services, LLC	2019	651,977		Operator
Myrtle Cruz, Inc	2019	15,652		Bookkeeper
Utility Tax Service, LLC	2019	11,442		Tax Collector
Montgomery Central Appraisal District	Legislation	11,835		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	100		Delinquent Tax Attorney
Elevation Land Solutions	2019	70,433		Engineer
McGrath & Co., PLLC	2019	30,150		Auditor
Robert W. Baird & Co. Incorporated	2019	703,942		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

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), 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 AG, 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 AG shall have received Notice of Nonpayment, AG 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 AG, 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG 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, AG 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 AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG 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 AG 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 AG 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.

AG 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 AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG 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 AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG 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 AG, 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 INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ____________________________________
Authorized Officer