OFFICIAL STATEMENT DATED NOVEMBER 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 BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS." SEE "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry-Only

$4,000,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 180
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX ROAD BONDS, SERIES 2024

Dated: December 1, 2024 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, (the "Paying Agent/Registrar", "Paying Agent" or "Registrar"). Interest on the Bonds will accrue from December 1, 2024, and be payable on March 1, 2025, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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 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 "BOOK-ENTRY-ONLY SYSTEM."

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

Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373X (b)	Due Sept. 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 61373X (b)
2026	$ 85,000	6.500%	4.000%	BA5	2029	$ 95,000 (c)	6.375%	4.100%	BD9
2027	90,000	6.500%	4.000%	BB3	2030	100,000 (c)	6.000%	4.150%	BE7
2028	95,000	6.500%	4.050%	BC1					

$1,520,000 Term Bonds due September 1, 2041 (c), 61373X BR8 (b), 4.375% Interest Rate, 4.500% Yield (a)
$1,005,000 Term Bonds due September 1, 2046 (c), 61373X BW7 (b), 4.500% Interest Rate, 4.650% Yield (a)
$1,010,000 Term Bonds due September 1, 2050 (c), 61373X CA4 (b), 4.500% Interest Rate, 4.750% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from December 1, 2024, is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(c) Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as described herein. See "THE BONDS-Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Montgomery County Municipal Utility District No. 180 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, or any entity other than the District. The Bonds are subject to special risks factors described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 19, 2024.

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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 representation must not be relied upon as having been authorized by the District.

This Official Statement is not to be used in 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.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of duplication costs.

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 purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT - Updating the Official Statement."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer .... Montgomery County Municipal Utility District No. 180 (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."

The Issue .... $4,000,000 Unlimited Tax Road Bonds, Series 2024 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on September 1 in the years 2026 through 2030, both inclusive, and as term bonds on September 1 in the years 2041, 2046, and 2050 (the "Term Bonds") in the principal amounts shown on the cover hereof. Interest on the Bonds accrues from December 1, 2024, and is payable on March 1, 2025, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

Redemption .... The Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. The Term Bonds are subject to mandatory sinking fund redemption as described herein. See "THE BONDS- Redemption Provisions."

Book-Entry-Only System ... The Depository Trust Company, New York, New York ("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 requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance ..... The Bonds are the second series of bonds issued out of an aggregate of $136,610,000 principal amount of unlimited tax bonds authorized by the District's voters on November 8, 2022, for the purpose of acquiring or constructing road facilities. The Bonds are issued by the District pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8083 of the Texas Special District Local Laws Code, an election held within the District, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS— Authority for Issuance."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, or any other political subdivision or agency other than the District. See "THE BONDS-Source of and Security for Payment" and "TAX PROCEDURES – Tax Abatement."

Use of Proceeds .... Proceeds from the sale of the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to capitalize twelve (12) months of interest of the Bonds, to pay developer interest, and to pay certain other costs and fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Qualified Tax-
Exempt Obligations .... The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS- Qualified Tax-Exempt Obligations."

Payment Record................ The District has previously issued one series of unlimited tax road bonds of which $4,480,000 of principal amounts remains outstanding as of September 30, 2024 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal or interest on the Outstanding Bonds.

Legal Opinion .... Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel.

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

Financial Advisor .... Post Oak Municipal Advisors LLC, Houston, Texas.

Engineer .... Elevation Land Solutions, The Woodlands, Texas.

THE DISTRICT

Description .... The District is a political subdivision of the State of Texas created pursuant to House Bill 4710 of the 86th Legislature of the State of Texas, effective May 22, 2019 (codified as Chapter 8083 of the Texas Special District Local Laws Code). The District presently contains approximately 650.7 acres of land located approximately 51 miles northwest of downtown Houston, Texas. The District lies entirely within unincorporated Montgomery County and within the Magnolia Independent School District. The District is located northeast of Texas State Highway 249 (Aggie Expressway) and east of F.M. 1486. See "THE DISTRICT" and "AERIAL PHOTOGRAPH" herein.

Status of
Development……………..The District is being developed as Magnolia Springs, a predominantly single-family residential community. The Developers (as defined below) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Magnolia Springs, Sections 1, 2, 3, 4A, 5A, 6, and 7 (approximately 136.8 acres of land developed into 649 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in March 2022 and, as of September 30, 2024, there are 300 completed and occupied homes, 202 homes under construction, 4 model homes, 32 vacant developed lots owned by a builder, and 111 vacant developed lots under contract with a builder for purchase. See "TAX PROCEDURES – Tax Abatement" for information regarding the 30.3 acres and 157 lots located in Magnolia Springs Section 9.

Magnolia Springs Section 3 has been developed as rental homes. Currently, 57 homes are leased and 73 homes are in various stages of development and are being marketed for rent. All of the rental homes are owned, operated and leased by ARG VI LLC. See "Risk Factors – Rental Homes."

Additionally, parks and recreational facilities have been constructed on approximately 3.0 acres, and there are approximately 249.7 acres of developable land in the District which have not been provided with underground water, sanitary sewer and drainage facilities. Approximately 165.1 acres of undevelopable land are contained in drainage easements, rights-of-way, lakes and detentions ponds, and plants and approximately 65.8 acres of land are located in the 100-year flood plain.

The Developers……..…..Sig Magnolia LP, a Texas limited partnership ("Sig Magnolia") is a single purpose entity formed for the sole purpose of developing approximately 590 acres within the District. Sig Magnolia is an affiliate of The Signorelli Company.

The Signorelli Company is a privately owned real estate development company founded in 1994 by Daniel Signorelli. Neither The Signorelli Company nor any of its principals or affiliates is obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Sig Magnolia or to pay any other obligations of Sig Magnolia.

Century Land Holdings of Texas LLC, a Colorado limited liability company ("Century"), is a subsidiary of publicly-traded Century Communities, Inc., which is listed on the New York Stock Exchange under the ticker symbol "CCS." Century owns and has developed approximately 60 acres within the District. See "THE DEVELOPERS."

Sig Magnolia and Century are collectively referred to as the ("Developers") herein.

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF INVESTMENT RISKS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

SELECTED FINANCIAL INFORMATION

2024 Certified Taxable Assessed Valuation	$79,593,223	(a)
Estimated Taxable Assessed Valuation as of August 1, 2024	$104,036,030	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$8,480,000	
Estimated Overlapping Debt	$939,578	(c)
Gross Debt and Estimated Overlapping Debt	$9,419,578	
Ratios of Gross Debt to:		
2024 Certified Taxable Assessed Valuation	10.65%	
Estimated Taxable Assessed Valuation as of August 1, 2024	8.15%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	11.83%	
Estimated Taxable Assessed Valuation as of August 1, 2024	9.05%	
Fund Balances Available as of October 16, 2024:		
Operating Fund	$65,133	(d)
Road Capital Projects Fund	$25,223	(e)
Road Debt Service Fund	$198,013	(f)
2024 Tax Rate:		
Road Debt Service	$0.44	
Maintenance and Operations	0.81	
Total	$1.25	
Average Annual Debt Service Requirements (2025-2050) on the Bonds and the Outstanding Bonds (Average Requirement)	$574,722	
Maximum Annual Debt Service Requirements (2048) on the Bonds and the Outstanding Bonds (Maximum Requirement)	$622,344	
Tax rates required to pay the Average Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.77 /$100 A.V.	
Estimated Taxable Assessed Valuation as of August 1, 2024 at a 95% collection rate	$0.59 /$100 A.V.	
Tax rates required to pay the Maximum Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.83 /$100 A.V.	
Estimated Taxable Assessed Valuation as of August 1, 2024 at a 95% collection rate	$0.63 /$100 A.V.	

(a) The 2024 Taxable Assessed Valuation shown herein includes $78,336,357 of certified value and $1,256,866 of uncertified value. The uncertified value represents Montgomery Central Appraisal District's (the "Appraisal District") opinion of the value; however, such value is subject to review and downward adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District See "TAX PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on August 1, 2024, Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2024, and January 1, 2025, will be certified as of January 1, 2025, and provided for purposes of taxation in the fall of 2025. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(d) See "RISK FACTORS – Operating Funds."

(e) $25,000 in surplus funds of such balance will be applied to the projects being financed by the Bonds at closing.

(f) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Road Debt Service Fund.

OFFICIAL STATEMENT
$4,000,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 180
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX ROAD BONDS, SERIES 2024

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 180 (the "District") of its $4,000,000 Unlimited Tax Road Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8083 of the Texas Special District Local Laws Code, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developers of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Montgomery County, or any other entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Operating Funds

The District's only significant sources of revenue to pay its operating expenses are maintenance tax proceeds, water and sewer revenues, and, as necessary, developer advances. The District's Operating Fund balance as of October 16, 2024, is $65,133. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) increased amounts of maintenance tax and water and sewer revenue, and (3) as necessary, advances from the Developers. In the event that funds are not made available by the Developers, the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such an increase may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property.

Dependence on Principal Taxpayers

Based upon the certified 2024 tax rolls, the top ten taxpayers are responsible for approximately 28.42% of the District's 2024 taxes (levied on $22,624,328 in taxable property value). The principal taxpayer in the District is Sig Magnolia LP, a Developer, responsible for approximately 7.88% for the District's 2024 tax roll. The second largest taxpayer is First America Homes LTD, a homebuilder, which is responsible for approximately 5.45% of the District's 2024 tax roll. The third largest taxpayer is the real property account of Century Land Holdings of Texas LLC, a Developer and homebuilder, responsible for approximately 5.11% of the District's 2024 tax roll. See "THE DISTRICT - Status of Development," "THE DEVELOPERS," and "TAX DATA - Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

Rental Homes

Magnolia Springs has been partially developed as a rental home community. ARG VI LLC, an affiliate of Rausch Coleman Homes LLC, owns, operates and leases rental homes in the District. It is anticipated that ARG VI LLC will continue to own all of such homes and will continue to be a principal taxpayer. See "TAX DATA—Principal Taxpayers." ARG VI LLC, as the owner of rental homes in Magnolia Springs, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards.

Landowner Obligation to the District

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

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2024 Certified Taxable Assessed Valuation of the District is $79,593,223 and the Estimated Taxable Assessed Valuation as of August 1, 2024, is $104,036,030. See "FINANCIAL STATEMENT (UNAUDITED)." After issuance of the Bonds, the maximum annual debt service requirement will be $622,344 (2048) and the average annual debt service requirement will be $574,722 (2025-2050). Assuming no increase or decrease from the 2024 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.83 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $622,344 and a tax rate of $0.77 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $574,722. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2024 and no use of funds other than tax collections, a tax rate of $0.63 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $622,656 and a tax rate of $0.59 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $574,722. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding the average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2024 Certified Taxable Assessed Valuation and Estimated Taxable Assessed Valuation as of August 1, 2024, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage and Vacant Lots

There are approximately 249.7 acres of developable land within the District that have not been provided with water, sanitary sewer, storm drainage, and detention facilities and roads necessary for the construction of taxable improvements. There are currently 143 vacant developed lots available for home construction (15 lots in Magnolia Springs Section 1, 5 lots in Magnolia Springs Section 2, 61 lots in Magnolia Springs Section 3, 6 in Magnolia Spring Section 5, 50 lots in Magnolia Springs Section 6, and 6 lots in Magnolia Springs Section 7). Failure of the Developers to develop the developable land or of builders to construct taxable improvements on all the developed lots could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of this acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT—Status of Development."

Dobbin-Plantersville Water Supply Corporation Litigation

The District is currently a third-party litigant in a suit challenging the Public Utility Commission of Texas' authority to decertify the portion of Dobbin-Plantersville Water Supply Corporation's ("DP WSC") certificate of convenience and necessity for water service that previously covered the boundaries of the District ("DP WSC v. Lake"). The United States Court of Appeals for the Fifth Circuit has affirmed the trial court's ruling against DP WSC in DP WSC v. Lake, and DP WSC has filed a motion for rehearing which is currently pending. The District is also a litigant in a suit filed by DP WSC in which DP WSC seeks declaratory relief that it has exclusive right to provide water service in that same area, an injunction prohibiting the District from providing water service and other remedies from the District ("DP WSC v. the District"). On July 31, 2023, the presiding judge for DP WSC v. the District indicated she would enter an order staying the proceeding pending the outcome of the DP WSC v. Lake. It is the District's contention that DP WSC is not able to provide water service to the property within a reasonable time, and therefore is not entitled to the protections of 7 U.S.C. Section 1926(b) pursuant to the applicable case law governing such claims. Depending upon the outcome of these disputes, the responsibility for the provision of water service in the District could be transferred from the District to DP WSC. Should such an event occur, the District would no longer receive revenue generated from the water system, and would no longer incur expenses related to provision of water service. The District can make no representation regarding either the outcome of either dispute or the timing thereof.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, rental homes, undeveloped lots and land. A portion of the single-family homes are rental properties owned by a single entity ARG VI LLC. See "Rental Homes" herein. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential lots of this type and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 51 miles northwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

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.

Competition

The demand for and construction of single-family homes and rental homes in the District could be affected by competition from other residential developments, including other residential developments located in Montgomery County. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Severe Weather

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

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015. If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

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

Future Debt

After issuance of the Bonds, the District will have $128,130,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road facilities, $136,610,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding road facilities bonds, $342,305,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities, $342,305,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding water, sewer and drainage facilities bonds, $36,500,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities, and $36,500,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding park and recreational facilities bonds.

The Developers have financed or are financing the engineering and construction costs of water, sewer, drainage, road and park facilities to serve development in the District. After reimbursement from proceeds of the Bonds, the Developers will have expended approximately $16,779,106.16 for design, construction and acquisition of District water, sewer, drainage, roads, and parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), if applicable. Additionally, the District presently contains approximately 249.7 acres of developable land not presently fully served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage and to finance roads and park and recreational facilities. The District makes no representation that any additional development will occur within the District. Further, the principal amount of parks and recreational facilities bonds sold by the District is limited to 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. See "THE BONDS—Issuance of Additional Debt."

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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. 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. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by 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 to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution 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."

Marketability

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

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" or "Commission") 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 "serious" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. 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 August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District 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 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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

THE BONDS

General

The Bonds will be dated and accrue interest from December 1, 2024, which interest is payable on March 1, 2025, and on each September 1 and March 1 thereafter, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in fully registered form in denominations of $5,000 or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on November 8, 2022, the voters of the District authorized the issuance of a total of $136,610,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, $128,130,000 principal amount of unlimited tax bonds will remain authorized but unissued for acquiring or constructing road facilities. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8083 of the Texas Special District Local Laws Code, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, and the Bond Resolution.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose. See "TAX PROCEEDURES – Tax Abatement."

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

Funds

In the Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest and twelve (12) months of capitalized interest on the Bonds shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing District facilities, to pay developer interest and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for 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 in the Bond Resolution 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.

Redemption Provisions

Mandatory Redemption: The Bonds maturing in the years 2041, 2046, and 2050 (the "Term Bonds") shall be redeemed at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule:

$1,520,000 Term Bonds Due September 1, 2041		$1,005,000 Term Bonds Due September 1, 2046		$1,010,000 Term Bonds Due September 1, 2050	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2031	$ 105,000	2042	$ 185,000	2047	$ 235,000
2032	110,000	2043	190,000	2048	245,000
2033	120,000	2044	200,000	2049	260,000
2034	125,000	2045	210,000	2050 (maturity)	270,000
2035	130,000	2046 (maturity)	220,000		
2036	135,000				
2037	145,000				
2038	150,000				
2039	160,000				
2040	165,000				
2041 (maturity)	175,000				

On or before 30 days prior to each Mandatory Redemption Date set forth above the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Record Date

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

After issuance of the Bonds, the District will have $128,130,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road facilities, $136,610,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding road facilities bonds, $342,305,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities, $342,305,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding water, sewer and drainage facilities bonds, $36,500,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities, and $36,500,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding park and recreational facilities bonds. The District anticipates issuing additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has adopted a park plan and conducted a park bond election which resulted in voter approval of $36,500,000 principal amount of unlimited tax park bonds, all of which remains authorized but unissued. Before the District issues park bonds payable from taxes, the following actions are required: (a) approval of the park bonds by the Commission; and (b) approval of the bonds by the Attorney General of Texas. When the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, 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.

Issuance of additional bonds could dilute the investment security for the Bonds.

Consolidation

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

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. 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. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by 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 to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or 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. See "RISK FACTORS-Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted 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 might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond 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 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 that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this 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 or completeness thereof The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or *(c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.*

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to the Bonds, 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 from S&P Global Ratings of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

All 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 Bonds 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 Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

The District is a political subdivision of the State of Texas created pursuant to House Bill 4710 of the 86th Legislature of the State of Texas, effective May 22, 2019 (codified as Chapter 8083 of the Texas Special District Local Laws Code) and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within unincorporated Montgomery County and within the Magnolia Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to establish parks and recreational facilities and to construct road facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

Description and Location

The District presently contains approximately 650.7 acres of land. The District is located approximately 51 miles northwest of downtown Houston, Texas. The District is located northeast of Texas State Highway 249 (Aggie Expressway) and east of F.M. 1486. See "AERIAL PHOTOGRAPH."

Land Use

Single Family Residential	Approximate Acres	Lots
Magnolia Springs Section 1	18.5	135
Magnolia Springs Section 2	21.4	91
Magnolia Springs Section 3 (a)	22.9	130
Magnolia Springs Section 4A	9.9	65
Magnolia Springs Section 5A	21.3	97
Magnolia Springs Section 6	19.2	75
Magnolia Springs Section 7	23.6	56
Magnolia Springs Section 9 (b)	30.3	157
Subtotal….............	**167.1**	**806**
Future Development….....................	249.7	
Parks/Recreation...…........................	3.0	
Non-Developable (c)….....................	165.1	
100-Year Flood Plain….....................	65.8	
Total…..................	**650.7**	

(a) Includes the rental homes.
(b) See "TAX PROCEEDURES – Tax Abatement."
(c) Drainage easements, rights-of-way, lakes and detention ponds, and plants. Not planned for future development.

Status of Development

The District is being developed as Magnolia Springs, a predominantly single-family residential community. The Developers (as defined below) have financed the design and construction of water, sanitary sewer and drainage facilities to serve Magnolia Springs, Sections 1, 2, 3, 4A, 5A, 6, and 7 (approximately 136.8 acres of land developed into 649 single-family residential lots). Construction of underground utilities and street paving is complete in these sections. Home construction in the District began in March 2022 and, as of September 30, 2024, there are 300 completed and occupied homes, 202 homes under construction, 4 model homes, 32 vacant developed lots owned by a builder, and 111 vacant developed lots under contract with a builder for purchase. See "TAX PROCEDURES – Tax Abatement" for information regarding the 30.3 acres and 157 lots located in Magnolia Springs Section 9.

Magnolia Springs Section 3 has been developed as rental homes. Currently, 57 homes are leased and 73 homes are in various stages of development and are being marketed for rent. All of the rental homes are owned, operated and leased by ARG VI LLC. See "Risk Factors – Rental Homes."

Additionally, parks and recreational facilities have been constructed on approximately 3.0 acres, and there are approximately 249.7 acres of developable land in the District which have not been provided with underground water, sanitary sewer and drainage facilities. Approximately 165.1 acres of undevelopable land are contained in drainage easements, rights-of-way, lakes and detentions ponds, and plants and approximately 65.8 acres of land are located in the 100-year flood plain.

Homebuilders

Homebuilding in the District is being conducted by First America Homes, Rausch Coleman Homes, Century Communities, and CastleRock Communities. New homes in the District range in offering prices from approximately $200,000 to $350,000.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Each of the five current Directors owns land and/or resides in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The Directors of the District are listed below:

Name	District Board Title	Term Expires
Hussain Iftikhar	President	May 2028
Mary Magin	Vice President	May 2028
Clayton Weishuhn	Secretary	May 2028
Mindy Selby	Assistant Vice President/Assistant Secretary	May 2026
Viviana Marcias	Assistant Secretary	May 2026

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Montgomery Central Appraisal District. The District's Tax Assessor/Collector is engaged by the Board of Directors of the District. Utility Tax Service, LLC is currently serving in this capacity for the District.

Bookkeeper

The District has engaged District Data Services, Inc. to serve as the District's bookkeeper.

System Operator

The District contracts with Municipal District Services, LLC for maintenance and operation of the District's System.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Elevation Land Solutions (the "Engineer").

Bond Counsel and General Counsel

The District has engaged Allen Boone Humphries Robinson LLP as General Counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds. The legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

Financial Advisor

Post Oak Municipal Advisors LLC (the "Financial Advisor") serves as Financial Advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Disclosure Counsel

McCall, Parkhurst & Horton L.L.P., Houston, Texas ("Disclosure Counsel") serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended April 30, 2024, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's April 30, 2024, audited financial statements.

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the Commission to pave certain streets, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither the Developers nor any affiliates of the Developers, if any, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developers have no binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers 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. See "RISK FACTORS."

Sig Magnolia LP

Sig Magnolia LP, a Texas limited partnership ("Sig Magnolia") is a single purpose entity formed for the sole purpose of developing approximately 590 acres within the District.

Sig Magnolia, LP has obtained financing for a portion of the development of the District through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued $69,420,000 Special Revenue Bonds (Signorelli Projects, Municipal Utility Districts, Montgomery and Waller Counties, Texas), Series 2024 (the "PFA Bonds"), which are secured in part by the sale and assignment of Sig Magnolia, LP's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations and Certifications for Tax Purposes to the PFA with respect to the issuance of the PFA Bonds. According to Sig Magnolia, LP, it is currently in compliance with all material representations and certifications made with respect to the PFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

The Signorelli Company is a privately owned real estate development company founded in 1994 by Daniel Signorelli. Neither The Signorelli Company nor any of its principals or affiliates is obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Sig Magnolia or to pay any other obligations of Sig Magnolia.

Century Land Holdings of Texas LLC

Century Land Holdings of Texas LLC, a Colorado limited liability company ("Century"), is a subsidiary of publicly-traded Century Communities, Inc. which is listed on the New York Stock Exchange under the ticker symbol "CCS." Century owns and has developed approximately 60 acres within the District.

Sig Magnolia and Century are collectively referred to as the ("Developers") herein.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Montgomery County and, in some instances, the Commission. Montgomery County also exercises regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the Engineer.

Water, Sanitary Sewer and Drainage Facilities

Source of 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 one (1) 400 gpm water well; one (1) 300 gpm water well; one (1) 15,578-gallon hydro-pneumatic tank; one (1) 247,217-gallon ground storage tank; and four (4) 900 gpm booster pumps. The water supply facilities are adequate to serve 779 equivalent single-family connections (ESFC). See "RISK FACTORS – Dobbin-Plantersville Water Supply Corporation Litigation."

Lone Star Groundwater Conservation District: The District is within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which was created by the Texas legislature in 2001. The Conservation District was created to conserve, enhance, and protect the groundwater resources of Montgomery County. In the future, it is expected that the Conservation District will require a partial conversion to surface water. The Conservation District bills the District for water pumped by the District from its wells.

Source of Wastewater Treatment: The District currently leases one (1) 0.20 MGD wastewater treatment plant facilities from AUC Group, Inc. The TCEQ issued a wastewater discharge permit WQ0015979001 dated November 18, 2021, authorizing the treatment and disposal from the plant with a permitted maximum daily effluent flow not to exceed 0.40 MGD ultimately. The District is currently operating in the Interim Phase I of the permit which limits effluent to 0.20 MGD. The wastewater treatment facilities will adequately serve 667 ESFCs.

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. According to the District's Engineer, approximately 65.8 acres within the District are located within the 100-year flood plain and are not planned for future development. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location. See "RISK FACTORS –Severe Weather."

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. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

THE ROADS

The road system, including the projects being funded with the proceeds of the Bonds, serves the public and residents of the District by providing access to major thoroughfares and collector roads within the District and the surrounding area. The internal subdivision streets and collector road convey the residents of the District to F.M. 1486. All roads financed by the District lie within the public right-of-way and are maintained or will be maintained by Montgomery County. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Road Improvements Agreement with Montgomery County

The District and Montgomery County, through the initial funding by The Signorelli Company and its affiliates, agreed to share in certain road improvements (the "Project") to serve the District. The District entered into an Agreement for the Financing and Construction of Road Improvements with Montgomery County, Texas (the "County") on September 15, 2021 (the "Road Agreement"). The Project applicable to the Road Agreement consists of an F.M. 1486 traffic signal, F.M. 1486 left and right turn lanes, collector and boulevard roads, bridge crossings, and associated engineering work. As the 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. The District retains the right, at its sole option and expense, to maintain certain enhancements associated with the Project such as drainage improvements, upgraded crosswalks and intersections, pedestrian improvements, enhanced landscaping, lighting and irrigation, and any enhancements required by any applicable storm water management guidelines or criteria of the County.

To reimburse the District for the County's share of the cost of the Project (the "Project Costs"), the County agreed to pay the District 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 an approximately 665-acre area that includes the District (the "Economic Impact Zone"). The Annual Payment is the sum of money payable by the County to the District 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, 2021, which is $3,839,520.

The Road Agreement provides that the Annual Payment begins no sooner than August 31, 2023 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 $19,500,000 has been reached, or (iii) September 15, 2046. 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 Project by December 31, 2033. The County may prepay its obligation (in whole or in part) under the Road Agreement at any time without penalty.

The District may use the Annual Payments only to: (a) fund Project Costs, (b) reimburse developers for Project Costs expenditures, and/or (c) pay debt service on bonds issued to finance the Project. The 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."

USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$3,227,396 is estimated for construction costs, \$525,826 is estimated for non-construction costs, and \$246,778 is estimated for issuance costs and fees.

I.	**CONSTRUCTION COSTS**		
	1) Magnolia Springs Section 2 Paving	$	66,299
	2) Magnolia Springs Section 6 Paving		1,117,995
	3) Magnolia Springs Sction 3 Paving		99,537
	4) Magnolia Springs Section 5A Paving		628,780
	5) Engineering		-
	a) Magnolia Springs Section 2 Paving		91,109
	b) Magnolia Springs Section 6 Paving		140,426
	6) Materials Testing		
	a) Magnolia Springs Section 2 Paving		49,801
	b) Magnolia Springs Section 6 Paving		33,865
	7) Land Acquisition Costs		
	a) Magnolia Springs Section 1 Right-of-Way		249,649
	b) Magnolia Springs Section 2 Right-of-Way		588,820
	c) Magnolia Springs Section 6 Right-of-Way		186,116
	Less Surplus Bond Funds		**(\$25,000)**
	Total Construction Cost	**$**	**3,227,396**
II.	**NON-CONSTRUCTION COSTS**		
	• Developer Interest	$	205,826
	• Capitalized Interest (12 months) (a)		186,781
	• Bond Discount		119,751
	• Contingency (a)		13,467
	Total Non-Construction Costs	**$**	**525,826**
III.	**ISSUANCE COSTS AND FEES**		
	• Legal Fees	$	115,000
	• Fiscal Agent Fees		77,500
	• Bond Issuance Expenses		50,278
	• Attorney General Fees (0.10%)		4,000
	Total Issuance Costs and Fees	**$**	**246,778**
	TOTAL BOND ISSUE	**$**	**4,000,000**

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

Future Debt

The Developers have financed or are financing the engineering and construction costs of water, sewer, drainage, road, and park facilities to serve development in the District. After reimbursement from proceeds of the Bonds, the Developers will have expended approximately \$16,779,106.16 for design, construction and acquisition of District water, sewer, drainage, roads, and parks and recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the Commission, if applicable. Additionally, the District presently contains approximately 249.7 acres of developable land not presently fully served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will issued to finance the construction of these facilities to serve this undeveloped acreage and to finance roads and park and recreational facilities. The District makes no representation that any additional development will occur within the District. Further, the principal amount of parks and recreational facilities bonds sold by the District is limited to 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. See "THE BONDS—Issuance of Additional Debt" and "RISK FACTORS —Future Debt."

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
11/8/2022	Water, Sewer and Drainage	$342,305,000	$0	$342,305,000
11/8/2022	Water, Sewer and Drainage Refunding	$342,305,000	$0	$342,305,000
11/8/2022	Roads	$136,610,000	$8,480,000 *	$128,130,000
11/8/2022	Road Refunding	$136,610,000	$0	$136,610,000
11/8/2022	Parks & Recreational Facilities	$36,500,000	$0	$36,500,000
11/8/2022	Parks & Recreational Facilities Refunding	$36,500,000	$0	$36,500,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2024 Certified Taxable Assessed Valuation……………………………………………………	$79,593,223 (a)
Estimated Taxable Assessed Valuation as of August 1, 2024………………………………	$104,036,030 (b)
Gross Debt Outstanding (after the issuance of the Bonds)…………………………………	$8,480,000
Estimated Overlapping Debt…………………………………………………………………	$939,578 (c)
Gross Debt and Estimated Overlapping Debt………………………………………………	$9,419,578
Ratios of Gross Debt to:	
2024 Certified Taxable Assessed Valuation………………………………………………	10.65%
Estimated Taxable Assessed Valuation as of August 1, 2024……………………………	8.15%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2024 Certified Taxable Assessed Valuation………………………………………………	11.83%
Estimated Taxable Assessed Valuation as of August 1, 2024……………………………	9.05%

Area of District: 650.7 acres
Estimated 2024 Population: 1,050 (d)

(a) The 2024 Taxable Assessed Valuation shown herein includes $78,336,357 of certified value and $1,256,866 of uncertified value. The uncertified value represents Montgomery Central Appraisal District's (the "Appraisal District") opinion of the value; however, such value is subject to review and downward adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District See "TAX PROCEDURES."
(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on August 1, 2024. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2024, and January 1, 2025, will be certified as of January 1, 2025, and provided for purposes of taxation in the fall of 2025. See "TAX PROCEDURES."
(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
(d) Based on 3.5 persons per occupied single-family residence.

Outstanding Bonds

Series	Original Principal Amount	Principal Amount Outstanding as of September 30, 2024
2023 - Unlimited Tax Road Bonds	$4,480,000	$4,480,000

Cash and Investment Balances (unaudited as of October 16, 2024)

Operating Fund	Cash and Temporary Investments	$65,133	(a)
Road Capital Projects Fund	Cash and Temporary Investments	$25,223	(b)
Road Debt Service Fund	Cash and Temporary Investments	$198,013	(c)

(a) See "RISK FACTORS – Operating Funds."
(b) $25,000 in surplus funds of such balance will be applied to the projects being financed by the Bonds at closing.
(c) Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Road Debt Service Fund.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Magnolia ISD ……………………………	$290,780,000	09/30/24	0.28%	$814,184
Montgomery County ……………………	417,980,000	09/30/24	0.03%	125,394
Total Estimated Overlapping Debt				$939,578
The District………………………………	$8,480,000 (a)	Current	100.00%	8,480,000
Total Direct and Estimated Overlapping Debt………………………………………………………………				$9,419,578
Ratios of Total Direct and Estimated Overlapping Debt to:				
2024 Certified Taxable Assessed Valuation………………………………………………………………				11.83%
Estimated Taxable Assessed Valuation as of August 1, 2024………………………………………				9.05%

(a) Includes the Bonds.

Overlapping Tax Rates for 2024

	2024 Tax Rate per $100 of Taxable Assessed Valuation
Magnolia ISD…………………………………………………………	$ 0.989500
Montgomery County ……………………………………………………	0.379000
Total Overlapping Tax Rate……………………………………………	$ 1.368500
The District…..………………………………………………………..	1.250000
Total Tax Rate…………………………………………………………	$ 2.618500

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from the District's Tax Assessor/Collector. Reference is made to these records for further and more complete information.

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Total Collections As of September 30, 2024 Amount	Percent
2021	$131,460	$1.25	$1,643	$1,643	100.00%
2022	922,858	1.25	11,536	11,536	100.00%
2023	26,415,167	1.25	330,190	328,729	99.56%
2024	79,593,223 [(a)]	1.25	994,915	*(In Process of Collections)* [(b)]	

(a) Includes $1,256,866 of value that remains uncertified.
(b) Taxes for 2024 are due by Janauary 31, 2025.

Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2024	**2023**	**2022**	**2021**
Road Debt Service	$ 0.44	$ -	$ -	$ -
Maintenance and Operations	0.81	1.25	1.25	1.25
Total	$ 1.25	$ 1.25	$ 1.25	$ 1.25

Tax Rate Limitations

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

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District has levied a road debt service tax of $0.44 per $100 of taxable assessed valuation for the 2024 tax year.

Maintenance and Operations Tax

The Board of Directors of the District 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. Pursuant to an election held on November 8, 2022, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.50 per $100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. The District levied a maintenance and operations tax for 2024 in the amount of $0.81 per $100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. The Developers have executed a Waivers of Special Appraisal, waiving their right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waivers are binding for thirty years.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of 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 May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2024 certified tax rolls, which reflect ownership at January 1, 2024.

Taxpayer	Type of Property	2024 Taxable Assessed Valuation	% of 2024 Taxable Assessed Valuation
Sig Magnolia LP (a)	Land & Improvements	$ 6,272,904	7.88%
First America Homes LTD (b)	Land & Improvements	4,334,013	5.45%
Century Land Holdings of Texas LLC (a) (b)	Land, Improvements & Personal Property	4,066,478	5.11%
CastleRock Communities LLC (b)	Land	3,045,076	3.83%
Rausch Coleman Homes Houston LLC (b)	Land, Improvements & Personal Property	2,091,799	2.63%
ARG VI LLC (c)	Land & Improvements	1,302,511	1.64%
Individual	Residential	378,723	0.48%
Individual	Residential	377,608	0.47%
Individual	Residential	377,608	0.47%
Individual	Residential	377,608	0.47%
Total		$ 22,624,328	28.42%

(a) See "THE DEVELOPERS" and "TAX PROCEEDURES – Tax Abatement."
(b) See "THE DISTRICT - Homebuilders."
(c) A property management firm and owner of rental homes in the District. An affiliate of Rausch Coleman Homes. See "RISK FACTORS – Rental Homes."

Summary of Assessed Valuation

The following summary of the 2024, 2023, 2022, and 2021 certified assessed valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2024, 2023, 2022, and 2021 tax rolls of the District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2024 (a)	2023	2022	2021
Land	$36,068,960	$13,353,716	$4,422,990	$131,460
Improvements	51,244,506	14,152,440	-	-
Personal Property	87,020	37,325	3,045	-
Exemptions	(7,807,263)	(1,128,314)	(3,503,177)	-
Total Assessed Valuation	$79,593,223	$26,415,167	$922,858	$131,460

(a) Includes $1,256,866 of value that remains uncertified.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2024 Certified Taxable Assessed Valuation or Estimated Taxable Assessed Valuation as of August 1, 2024, no use of available funds, and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Bonds and the Outstanding Bonds.

Average annual debt service requirement (2025-2050)……	$574,722
$0.77 tax rate on the 2024 Taxable Assessed Valuation of $79,593,223 at a 95% collection rate produces……	$582,224
$0.59 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2024 of $104,036,030 at a 95% collection rate produces……	$583,122
Maximum annual debt service requirement (2048)……	$622,344
$0.83 tax rate on the 2024 Taxable Assessed Valuation of $79,593,223 at a 95% collection rate produces……	$627,593
$0.63 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2024 of $104,036,030 at a 95% collection rate produces……	$622,656

TAX 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 an amount sufficient to pay the principal of and interest on the Bonds and the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS-Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS-Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA."

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 Tax Code are complex and are not fully summarized here.

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

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; 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 sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such 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, of between $5,000 and $12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty 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 was killed or fatally injured in the line of duty is, subject to certain conditions, also 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

Freeport Goods and Goods-in-Transit Exemptions: 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 2011 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 personal property. A taxing unit must exercise its option to tax goods-in- transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. 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 may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County, and/or the District, under certain circumstances, 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.

Magnolia Springs, Section 9 Tax Abatement Agreement: By Resolution dated March 28, 2023, Montgomery County designated a reinvestment zone over a geographical area that includes the District. On May 15, 2024, after (i) adopting guidelines and criteria for establishing a tax abatement program to encourage development, and (ii) posting the proper notice following its receipt and review of an application from Sig Magnolia, the District entered into a Tax Abatement Agreement with Sig Magnolia (the "Agreement") with respect to the 44.20 acres within the District that comprises Magnolia Springs, Section 9 ("Section 9"), which is currently under development. Pursuant to the Agreement, 100% of the ad valorem property taxes levied by the District upon the improvements constructed in Section 9 will be abated during each year of the term of the Agreement, such term being effective from and after January 1, 2025, until December 31, 2034. Thus, for tax years 2025 through 2034, the District will collect zero ad valorem property tax revenues in respect of the improvements currently being constructed in Section 9. While the Section 9 tax abatement is in effect, the District will not reimburse Sig Magnolia (through the issuance of bonds or otherwise) for any Section 9 water, sewer, drainage, road, or park facilities that would otherwise be eligible for reimbursement. Section 9 is currently being developed as a rental home community. See "RISK FACTORS – Rental Homes."

Valuation of Property for Taxation

Generally, property in the District must be appraised by the applicable Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the applicable Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to a cumulative 10 percent annual increase 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 market value. The 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 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 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, 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 such 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 applicable 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% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the applicable 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 (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will 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 also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts:

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

Developing Districts:

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

The District:

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. For the 2024 tax year, the District is classified 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 for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT-Overlapping Tax Rates for 2024." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; 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 applicable 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 subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS -General" and "-Tax Collection Limitations," and "-Registered Owners' Remedies and Bankruptcy Limitations."

Tax Payment Installments after Disaster

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

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

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WATER AND SEWER OPERATIONS

General

The Bonds and Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that significant revenues, if any, will be available for the payment of debt service on the Bonds or Outstanding Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the fiscal years ended 2024, 2023 and 2022 and from the District's bookkeeper for the five-month period ended September 30, 2024. See "RISK FACTORS – Operating Funds." Reference is made to such records and statements for further and more complete information.

	5/1/2024	Fiscal Year Ended April 30		
	9/30/2024 (a)	2024	2023	2022
GENERAL FUND				
Revenues:				
Water Service	$90,415	$107,201	$52,119	$0
Sewer Service	91,130	147,556	69,996	1,643
Property Taxes	-	332,016	10,400	-
Penalties and Interest	-	1,112	166	-
Tap Connections and Inspections	159,222	233,114	246,525	-
Miscellaneous	-	27,597	14,851	-
Investment Earnings		800	224	3
Total Revenues	$340,767	$849,396	$394,281	$1,646
Expenditures:				
Professional Fees	$88,226	$170,568	$138,770	$72,596
Contracted Services	152,973	283,879	191,249	7,856
Repairs and Maintence	374,462	445,961	284,651	-
Administrative	25,168	33,465	23,673	9,669
Utilities	22,618	25,264	18,241	-
Other	6,155	30,699	32,233	2,087
Debt Service				
Lease - Principal	188,920 (b)	22,985	115,851	-
Lease - Interest	-	310,775	173,589	-
Capitial Outlay				
Right-to-use Leased Asset	-	-	-	4,035,249
Total Expenditures	$858,522	$989,836	$978,257	$4,127,457
Net Revenues	($517,754)	$ (140,440)	$ (583,976)	$ (4,125,811)
Other Financing Sources				
Developer Advances (c)	$ 200,000	$ 900,000	$ 285,000	$ 154,900
Lease Financing		-	-	$ 4,035,249
Net Change in Fund Balance	($317,754)	$ 759,560	$ (298,976)	$ 64,338
Fund Balance Beginning of Period	$ 524,922	$ (234,638)	$ 64,338	$ -
Fund Balance End of Period	$ 207,168	$ 524,922	$ (234,638)	$ 64,338

(a) Unaudited. Provided by the District's bookkeeper.
(b) Includes principal and interest.
(c) See "Risk Factors – Operating Funds".

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that twelve (12) months of interest will be capitalized from Bond proceeds to pay debt service on the Bonds.

Year	Outstanding Debt Service	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service
2025	$ 335,250	$ -	$ 140,086	$ 140,086	475,336
2026	333,838	85,000	186,781	271,781	605,619
2027	332,088	90,000	181,256	271,256	603,344
2028	330,000	95,000	175,406	270,406	600,406
2029	327,575	95,000	169,231	264,231	591,806
2030	329,813	100,000	163,175	263,175	592,988
2031	328,563	105,000	157,175	262,175	590,738
2032	327,063	110,000	152,581	262,581	589,644
2033	330,313	120,000	147,769	267,769	598,081
2034	333,063	125,000	142,519	267,519	600,581
2035	330,313	130,000	137,050	267,050	597,363
2036	332,313	135,000	131,363	266,363	598,675
2037	333,813	145,000	125,456	270,456	604,269
2038	334,813	150,000	119,113	269,113	603,925
2039	335,313	160,000	112,550	272,550	607,863
2040	335,313	165,000	105,550	270,550	605,863
2041	334,288	175,000	98,331	273,331	607,619
2042	337,738	185,000	90,675	275,675	613,413
2043	335,400	190,000	82,350	272,350	607,750
2044	337,538	200,000	73,800	273,800	611,338
2045	338,888	210,000	64,800	274,800	613,688
2046	339,450	220,000	55,350	275,350	614,800
2047	338,863	235,000	45,450	280,450	619,313
2048	342,469	245,000	34,875	279,875	622,344
2049	-	260,000	23,850	283,850	283,850
2050	-	270,000	12,150	282,150	282,150
Total	$ 8,014,069	$ 4,000,000	$ 2,928,692	$ 6,928,692	$ 14,942,761

Average Annual Debt Service Requirements (2025-2050)…………………………………… $574,722
Maximum Annual Debt Service Requirements (2048)………………………………………… $622,344

LEGAL MATTERS

Legal Proceedings

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 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.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS," "THE DISTRICT—General," "THE ROADS— Road Improvements Agreement with Montgomery County," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes 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 legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

McCall, Parkhurst & Horton L.L.P., Houston, Texas ("Disclosure Counsel") serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

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 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 from that set forth or contemplated in the Preliminary Official Statement, as it may be amended or supplemental through the date of sale.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

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 Initial Purchaser with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is ineluctable 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 an 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.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as “qualified tax-exempt obligations” and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2024 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2024.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc., (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of 97.006% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.698225% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District’s records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under “Certification of Official Statement.” Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein 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.

Financial Advisor

Post Oak Municipal Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Post Oak Municipal Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" – Sig Magnolia LP, and Century Land Holdings of Texas, LLC (the "Developers"), Elevation Land Solutions ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS" – Developers; "THE SYSTEM" – Engineer; "THE ROADS" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT (UNAUDITED)" - Montgomery Central Appraisal District and Utility Tax Service, LLC, Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - Utility Tax Service, LLC; "MANAGEMENT" – Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" - Allen Boone Humphries Robinson LLP.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities 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.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT," "THE SYSTEM," and "THE ROADS" have been provided by Elevation Land Solutions and have been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Montgomery Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Montgomery County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuation, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such entity as experts in assessing and collecting taxes.

Auditor: As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended April 30, 2024, have been audited by McGrath & Co., PLLC. See "APPENDIX A" for a copy of the District's April 30, 2024, audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER AND SEWER OPERATIONS" has been provided by District Data Services, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the 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 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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC") regarding the District's continuing disclosure obligations because the District has less than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. In the Bond Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data to the MSRB through EMMA.

The financial information and operating data which will be provided with respect to the District is found in APPENDIX A (Independent Auditor's Report and Financial Statements). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is April 30. Accordingly, it must provide updated information by October 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendices hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 180, as of the date shown on the cover page.

/s/Mary Magin
Vice President, Board of Directors
Montgomery County Municipal Utility District No. 180

ATTEST:

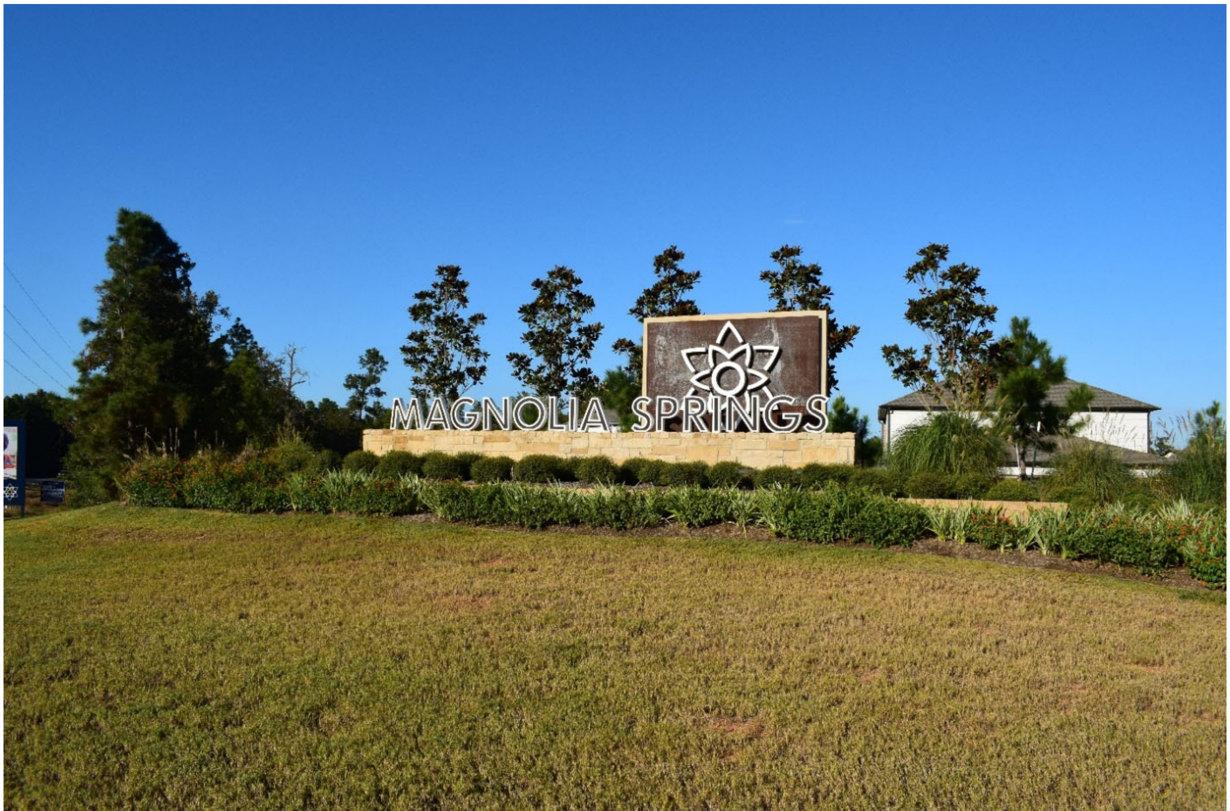
/s/Clayton Weishuhn
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 180

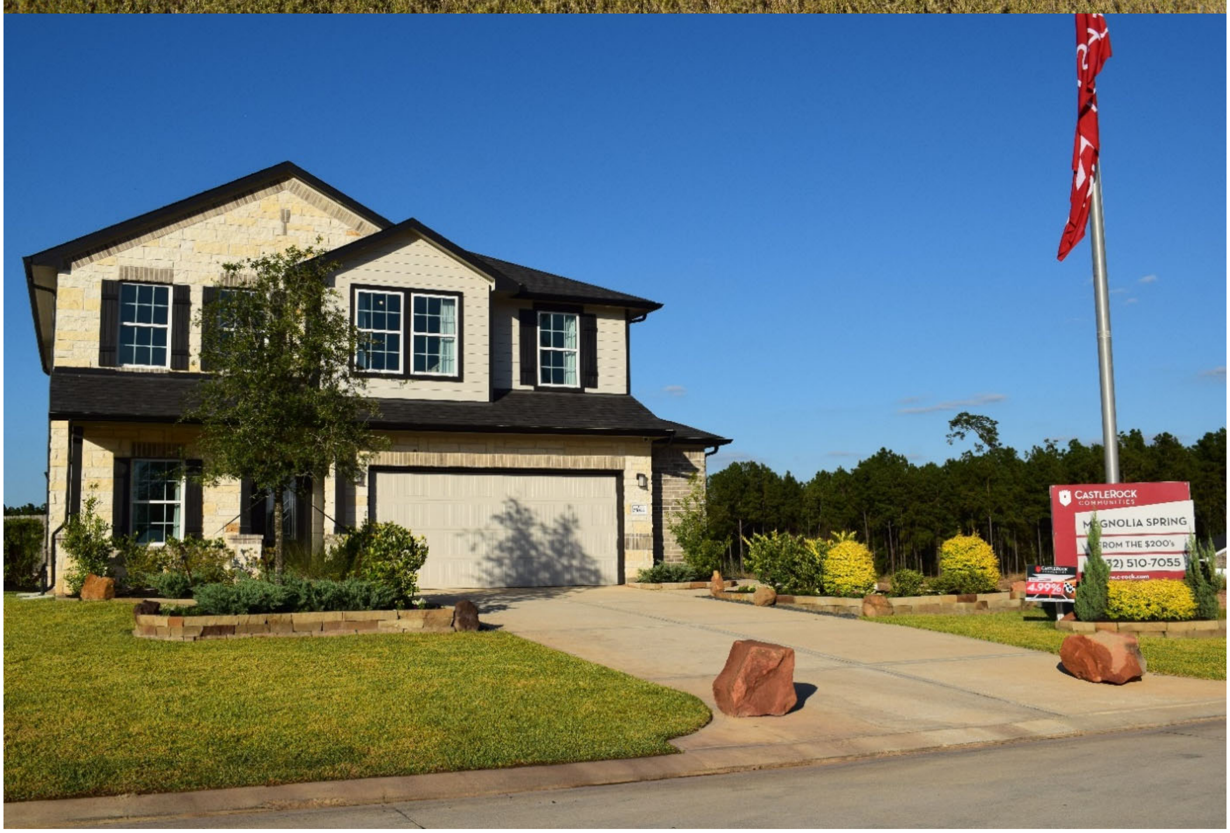
AERIAL PHOTOGRAPH

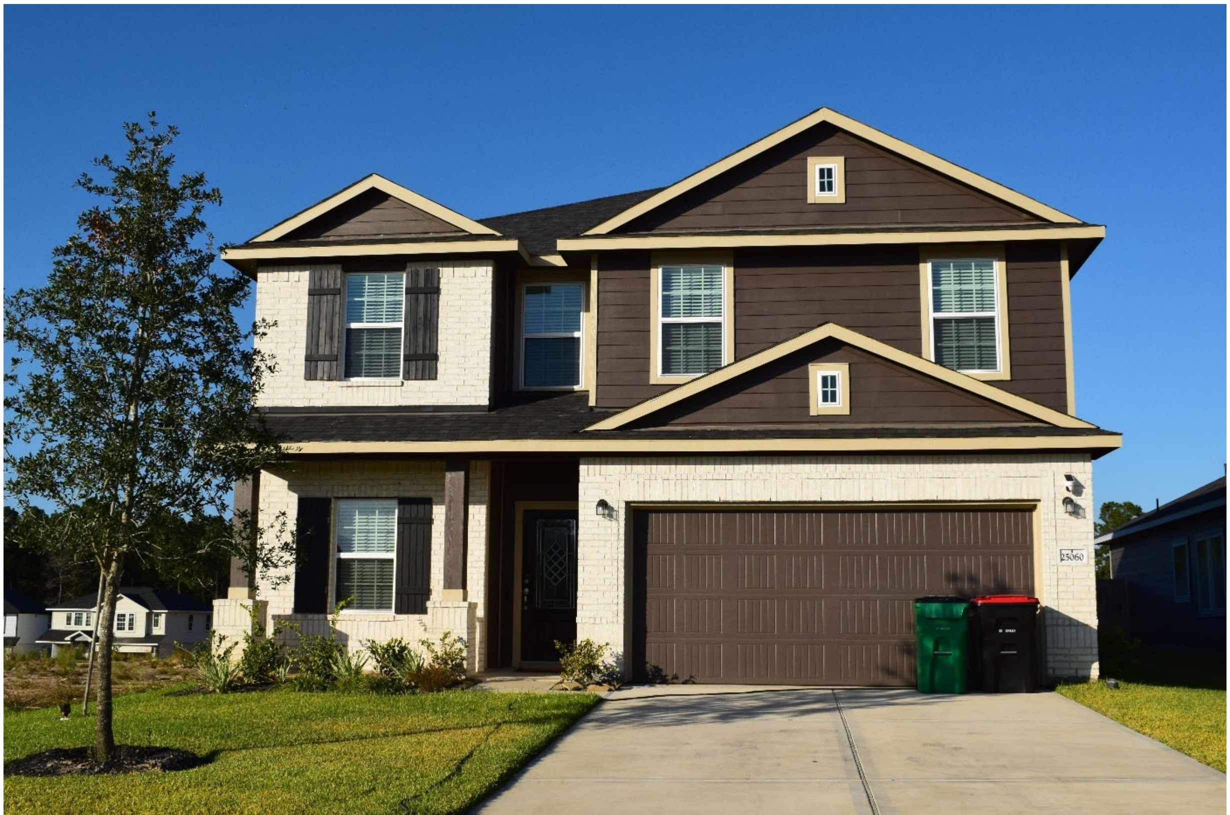
(Approximate boundaries of the District as of October 2024)

PHOTOGRAPHS

The following photographs were taken in the District in October 2024, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.


MAGNOLIA SPRINGS


CASTLEROCK
COMMUNITIES
4.99%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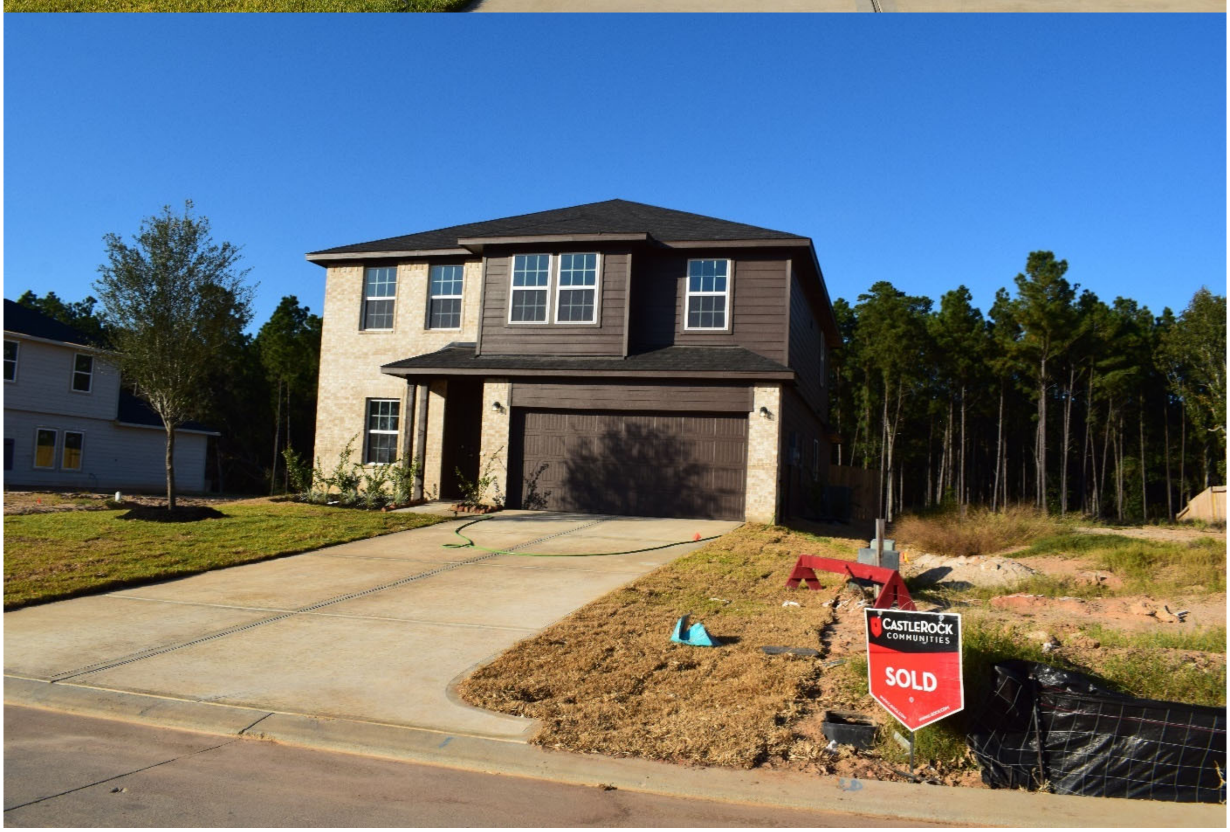
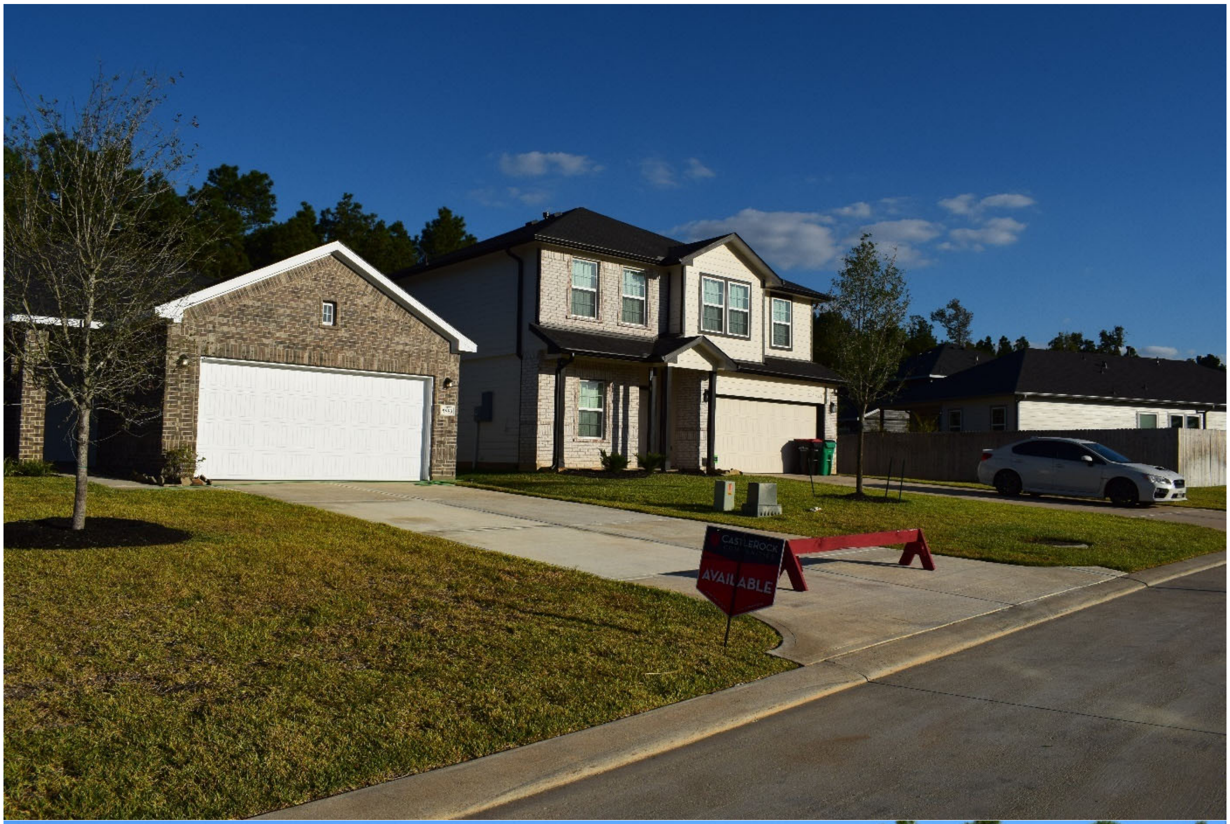
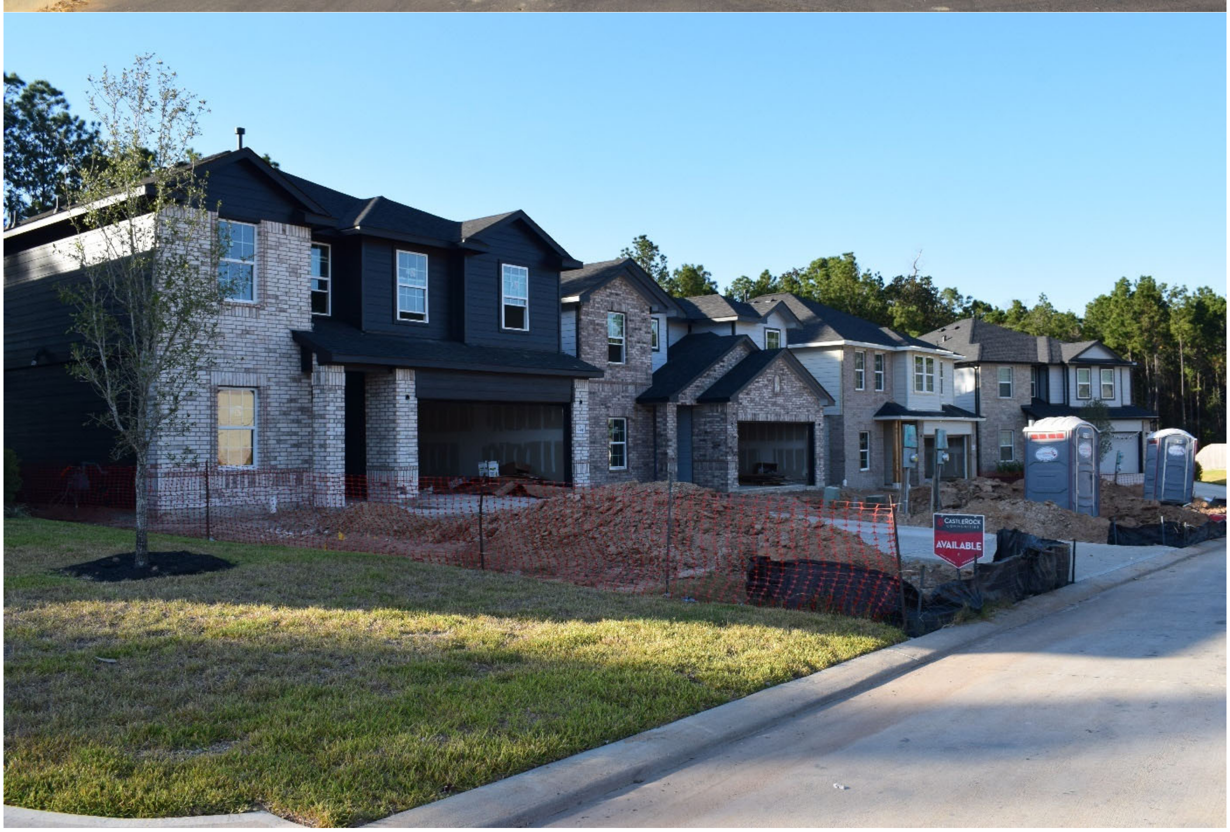
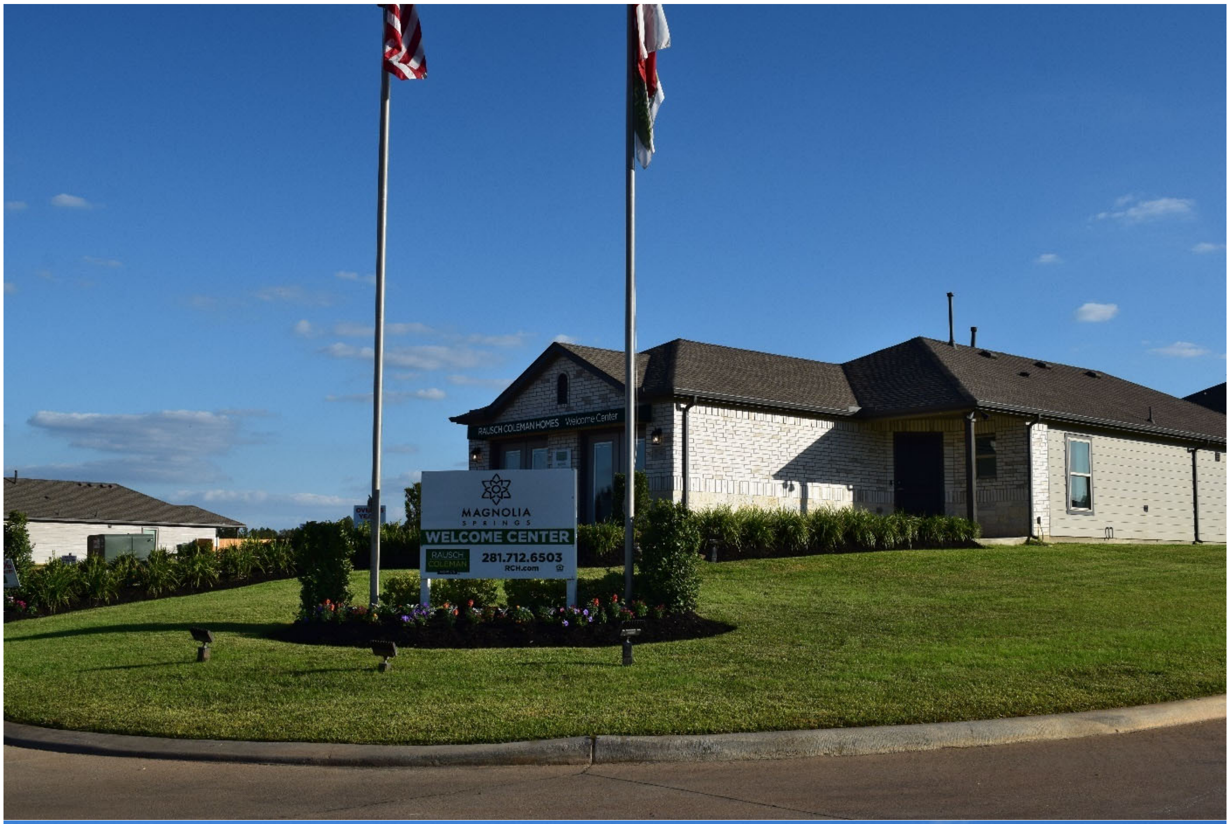

CASTLEROCK
COMMUNITIES
SOLD


AVAILABLE


THE VILLAGE
MAGNOLIA SPRINGS


CastleRock
Communities
AVAILABLE


RAUSCH COLEMAN HOMES Welcome Center
MAGNOLIA
SPRINGS
WELCOME CENTER
RAUSCH COLEMAN
281.712.6503
RCH.com


MONTGOMERY COUNTY
MUD #180
WATER PLANT
5825 FM 1486
For Emergencies Call:
281-290-6500

APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended April 30, 2024.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 180

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2024

Table of Contents

McGRATH & CO., PLLC

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

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 180
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 180 (the "District"), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 180, as of April 30, 2024, 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
August 21, 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 Montgomery County Municipal Utility District No. 180 (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 April 30, 2024. 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 April 30, 2024, was negative $12,341,520. The District's net position is negative because the District incurs debt to construct public road facilities which it conveys to Montgomery County and because the District relies on advances from its developers to fund operating costs. A comparative summary of the District's overall financial position, as of April 30, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	$ 754,929	$ 135,586
Capital assets	16,213,431	10,755,117
Total assets	16,968,360	10,890,703
Current liabilities	493,145	592,774
Long-term liabilities	28,816,735	16,547,819
Total liabilities	29,309,880	17,140,593
Net position		
Net investment in capital assets	(923,661)	(320,369)
Restricted	275,917	
Unrestricted	(11,693,776)	(5,929,521)
Total net position	$ (12,341,520)	$ (6,249,890)

The total net position of the District decreased during the current fiscal year by $6,091,630. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	$ 338,282	$ 11,001
Water and sewer service	254,757	122,115
Other	263,996	261,600
Total revenues	857,035	394,716
Expenses		
Current service operations	1,137,817	688,817
Debt interest and fees	397,533	173,589
Developer interest	337,790	
Debt issuance costs	366,577	
Depreciation and amortization	709,171	385,398
Total expenses	2,948,888	1,247,804
Change in net position before other item	(2,091,853)	(853,088)
Other item		
Transfers to other governments	(3,999,777)	(3,427,671)
Change in net position	(6,091,630)	(4,280,759)
Net position, beginning of year	(6,249,890)	(1,969,131)
Net position, end of year	$ (12,341,520)	$ (6,249,890)

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2024, were $582,494, which consists of $241,162 in the General Fund, $315,959 in the Debt Service Fund, and $25,373 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 413,597	$ 135,586
Total liabilities	$ 166,846	$ 369,789
Total deferred inflows	5,589	435
Total fund balance	241,162	(234,638)
Total liabilities, deferred inflows and fund balance	$ 413,597	$ 135,586

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

	2024	2023
Total revenues	$ 849,396	$ 394,281
Total expenditures	(1,523,596)	(978,257)
Revenues under expenditures	(674,200)	(583,976)
Other changes in fund balance	1,150,000	285,000
Net change in fund balance	$ 475,800	$ (298,976)

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, tap connection fees charged to homebuilders in the District and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water and sewer 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.
- The District's developer advances funds to the District as needed to pay operating costs.

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 financial position as of April 30, 2024 is as follows:

Total assets	$ 315,959
Total fund balance	$ 315,959

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

Total revenues	$ 2,485
Total expenditures	(46,901)
Revenues under expenditures	(44,416)
Other changes in fund balance	360,375
Net change in fund balance	$ 315,959

Capital Projects Fund

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District's Series 2023 Unlimited Tax Road Bonds. A summary of the financial position of the Capital Projects Fund as of April 30, 2024, is as follows:

Total assets	$ 25,373
Total fund balance	$ 25,373

A comparative summary of activities in the Capital Project Fund for the current year is as follow:

Total revenues	$ -
Total expenditures	(4,231,044)
Revenues under expenditures	(4,231,044)
Other changes in fund balance	4,256,417
Net change in fund balance	$ 25,373

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 $475,800 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 April 30, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	$ 1,115,210	$ -
Capital assets being depreciated/amortized		
Infrastructure	11,090,583	6,834,349
Landscaping improvements	1,051,773	255,732
Right-to-use leased assets	4,101,256	4,101,256
	16,243,612	11,191,337
Less accumulated depreciation/amortization		
Infrastructure	(449,153)	(202,696)
Landscaping improvements	(65,376)	(12,787)
Right-to-use leased assets	(630,862)	(220,737)
	(1,145,391)	(436,220)
Depreciable capital assets, net	15,098,221	10,755,117
Capital assets, net	$ 16,213,431	$ 10,755,117

Capital asset additions during the current year include the following:

- Utilities to serve Magnolia Springs Sections 5, 7, and 9
- Clearing and grubbing to serve Magnolia Springs Sections 5 and 7
- Landscaping improvements to serve Magnolia Springs Sections 3 and 6 landscape reserves

Additionally, Montgomery County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of Montgomery 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 April 30, 2024, capital assets in the amount of $3,999,777 have been recorded as transfers to other governments in the government-wide statements.

Lease Obligations

The District has entered into various equipment lease obligations for interim water and wastewater treatment plants. The District recognized right-to-use leased assets and lease obligations in the amount of $4,101,256 for these leases. The balance due for the leases as of April 30, 2024, was $3,762,420.

Long-Term Debt and Related Liabilities

As of April 30, 2024, the District owes approximately $20,860,572 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 5, the District has an additional commitment in the amount of $744,297 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

During the current year, the District issued $4,480,000 in unlimited tax road bonds, all of which were outstanding as of the end of the fiscal year.

At April 30, 2024, the District had $342,305,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $342,305,000 for the refunding of such bonds; $36,500,000 for parks and recreational facilities and $36,500,000 for the refunding of such bonds; $132,130,000 for road improvements and $136,610,000 for 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:

	2024 Actual	2025 Budget
Total revenues	$ 849,396	$ 870,000
Total expenditures	(1,523,596)	(1,482,760)
Revenues under expenditures	(674,200)	(612,760)
Other changes in fund balance	1,150,000	612,760
Net change in fund balance	475,800	
Beginning fund balance	(234,638)	241,162
Ending fund balance	$ 241,162	$ 241,162

Property Taxes

The District's property tax base increased approximately $57,018,000 for the 2024 tax year from $26,462,226 to $83,480,333, based on preliminary values. This increase was primarily due to new construction in the District and increased property values.

Basic Financial Statements

Montgomery County Municipal Utility District No. 180
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 269,466	$ 315,959	$ 25,373	$ 610,798	$ -	$ 610,798
Taxes receivable	5,589			5,589		5,589
Customer service receivables	33,524			33,524		33,524
Other receivables	8,843			8,843		8,843
Prepaid items	96,175			96,175		96,175
Capital assets not being depreciated					1,115,210	1,115,210
Capital assets, net					15,098,221	15,098,221
Total Assets	$ 413,597	$ 315,959	$ 25,373	$ 754,929	16,213,431	16,968,360
Liabilities						
Accounts payable	$ 84,283	$ -	$ -	$ 84,283		84,283
Other payables	507			507		507
Customer deposits	38,806			38,806		38,806
Unearned revenue	43,250			43,250		43,250
Accrued interest payable					40,042	40,042
Due to developers					20,860,572	20,860,572
Lease obligations						
Due within one year					286,257	286,257
Due after one year					3,476,163	3,476,163
Long-term debt						
Due after one year					4,480,000	4,480,000
Total Liabilities	166,846			166,846	29,143,034	29,309,880
Deferred Inflows of Resources						
Deferred property taxes	5,589			5,589	(5,589)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	96,175			96,175	(96,175)	
Restricted		315,959	25,373	341,332	(341,332)	
Unassigned	144,987			144,987	(144,987)	
Total Fund Balances	241,162	315,959	25,373	582,494	(582,494)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 413,597	$ 315,959	$ 25,373	$ 754,929		
Net Position						
Net investment in capital assets					(923,661)	(923,661)
Restricted for debt service					275,917	275,917
Unrestricted					(11,693,776)	(11,693,776)
Total Net Position					$ (12,341,520)	$ (12,341,520)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 180
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended April 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 107,201	$ -	$ -	$ 107,201	$ -	$ 107,201
Sewer service	147,556			147,556		147,556
Property taxes	332,016			332,016	5,154	337,170
Penalties and interest	1,112			1,112		1,112
Tap connection and inspection	233,114			233,114		233,114
Miscellaneous	27,597			27,597		27,597
Investment earnings	800	2,485		3,285		3,285
Total Revenues	849,396	2,485		851,881	5,154	857,035
Expenditures/Expenses						
Current service operations						
Professional fees	170,568		144,542	315,110		315,110
Contracted services	283,879		3,000	286,879		286,879
Repairs and maintenance	445,961			445,961		445,961
Utilities	25,264			25,264		25,264
Administrative	33,465	185	254	33,904		33,904
Other	30,699			30,699		30,699
Capital outlay			3,378,881	3,378,881	(3,378,881)	
Debt service						
Interest and fees		46,716		46,716	40,042	86,758
Developer interest			337,790	337,790		337,790
Debt issuance costs			366,577	366,577		366,577
Lease - principal	222,985			222,985	(222,985)	
Lease - interest	310,775			310,775		310,775
Depreciation and amortization					709,171	709,171
Total Expenditures/Expenses	1,523,596	46,901	4,231,044	5,801,541	(2,852,653)	2,948,888
Revenues Under Expenditures /Expenses	(674,200)	(44,416)	(4,231,044)	(4,949,660)	2,857,807	(2,091,853)
Other Financing Sources						
Proceeds from sale of bonds		360,375	4,119,625	4,480,000	(4,480,000)	
Developer advances	1,150,000		136,792	1,286,792	(1,286,792)	
Other Item						
Transfers to other governments					(3,999,777)	(3,999,777)
Net Change in Fund Balances	475,800	315,959	25,373	817,132	(817,132)	
Change in Net Position					(6,091,630)	(6,091,630)
Fund Balances/Net Position						
Beginning of the year	(234,638)			(234,638)	(6,015,252)	(6,249,890)
End of the year	$ 241,162	$ 315,959	$ 25,373	$ 582,494	$ (12,924,014)	$ (12,341,520)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 180 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was created pursuant to an act of the Texas Legislature, 86th Session, House Bill 4710 (codified as Chapter 8083 of the Texas Special District Local Laws Code), effective May 22, 2019, under Section 59, Article XVI and Section 52, Article III of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on July 30, 2021 and the first bonds were issued on December 21, 2023.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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, water and sewer service fees, tap connection fees charged to homebuilders and developer advances. 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 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 and road improvements.

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2024, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	20 years
Right-to-use leased assets	10 years

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and 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		$ 582,494
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 17,358,822	
Less accumulated depreciation/amortization	(1,145,391)	
Change due to capital assets		16,213,431
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(20,860,572)
Obligations under leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(3,762,420)
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	(4,480,000)	
Interest payable on bonds	(40,042)	
Change due to long-term debt		(4,520,042)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		5,589
Total net position - governmental activities		$ (12,341,520)

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

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

Net change in fund balance - total governmental funds		$ 817,132
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.		5,154
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 road facilities are reported as transfers to other governments.		
Capital outlays	$ 3,378,881	
Depreciation/amortization expense	(709,171)	
Transfers to other governments	(3,999,777)	
		(1,330,067)
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.		222,985
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	(4,480,000)	
Interest expense accrual	(40,042)	(4,520,042)
Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position.*		(1,286,792)
Change in net position of governmental activities		$ (6,091,630)

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.

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ -	$ 1,115,210	$ 1,115,210
Capital assets being depreciated/amortized			
Infrastructure	6,834,349	4,256,234	11,090,583
Landscaping improvements	255,732	796,041	1,051,773
Right-to-use leased assets	4,101,256		4,101,256
	11,191,337	5,052,275	16,243,612
Less accumulated depreciation/amortization			
Infrastructure	(202,696)	(246,457)	(449,153)
Landscaping improvements	(12,787)	(52,589)	(65,376)
Right-to-use leased assets	(220,737)	(410,125)	(630,862)
	(436,220)	(709,171)	(1,145,391)
Subtotal depreciable capital assets, net	10,755,117	4,343,104	15,098,221
Capital assets, net	$ 10,755,117	$ 4,343,104	$ 16,213,431

Depreciation/amortization expense for the current fiscal year was $709,171.

Note 5 – 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 developers have also advanced funds to the District for operating expenses.

Note 5 – Due to Developers (continued)

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

Due to developers, beginning of year	$	12,785,399
Developer reimbursements		(3,378,881)
Developer funded construction and adjustments		10,167,262
Operating advances from developer		1,286,792
Due to developers, end of year	$	20,860,572

In addition, the District will owe the developers approximately $744,297, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Magnolia Springs Lift Station No. 2	$ 744,297	88.4%

Note 6 – Lease Obligations

The District has entered into multiple equipment lease agreements for interim water and wastewater treatment plants. The terms of these leases resulted in the recognition of right-to-use leased assets and lease obligations in the government-wide statements measured at the present value of future lease payments.

The following table summarizes the key terms of the District's lease obligations:

Description	Capacity	Effective Date	Term (months)	Interest Rate	Annual Payment	Original Liability	Remaining Balance
WP No. 1 Phase 1	1,000 gpm	May 28, 2021	120	8%	$ 234,000	$ 1,773,074	$ 1,582,859
WWTP Phase 1	200,000 gpd	January 17, 2022	120	8%	$ 299,760	$ 2,328,182	$ 2,179,561

Note 6 – Lease Obligations (continued)

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

Year	Principal	Interest	Total
2025	$ 286,257	$ 291,148	$ 577,405
2026	355,077	265,263	620,340
2027	384,551	235,789	620,340
2028	416,467	203,873	620,340
2029	451,026	169,035	620,061
2030 - 2033	1,869,042	279,242	2,148,284
	$ 3,762,420	$ 1,444,350	$ 5,206,770
Due within one year	$ 286,257	$ 291,148	$ 577,405

All leases contain standard lease terms that state that the leases shall automatically be extended on a month-to month basis after the initial term of the lease, unless otherwise terminated.

The District is responsible for all ordinary expenses related to repairing and maintaining the equipment under all leases. Additionally, all leases required the pre-payment of the last month's lease payment, which is included with lease payments for May 2024 in prepaid items on the *Balance Sheet* and *Statement of Net Position*.

The allocation of lease payments between principal and interest for the current fiscal year is as follows:

Description	Annual Payment	Principal	Interest
WP No. 1 Phase 1	$ 234,000	$ 102,858	$ 131,142
WWTP Phase 1	299,760	120,127	179,633
Totals	$ 533,760	$ 222,985	$ 310,775

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 4,480,000
Due within one year	$ -

Note 7 – Long-Term Debt (continued)

The District's bonds payable at April 30, 2024, 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 Road	$ 4,480,000	$ 4,480,000	5.00% - 6.75%	September 1, 2025/2048	September 1, March 1,	September 1, 2029

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 April 30, 2024, the District had $342,305,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $342,305,000 for the refunding of such bonds; $36,500,000 for parks and recreational facilities and $36,500,000 for the refunding of such bonds; $132,130,000 for road improvements and $136,610,000 for the refunding of such bonds.

On December 21, 2023, the District issued its $4,480,000 Series 2023 Unlimited Tax Road Bonds at a net effective interest rate of 5.456378%. Proceeds of the bonds were used to (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, clearing and grubbing, and other costs associated with the construction of capital assets; and (2) to pay developer interest at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	$ -
Bonds issued	4,480,000
Bonds payable, end of year	$ 4,480,000

Note 7 – Long-Term Debt (continued)

As of April 30, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	$ -	$ 240,250	$ 240,250
2026	95,000	237,044	332,044
2027	100,000	230,463	330,463
2028	105,000	223,544	328,544
2029	110,000	216,288	326,288
2030	115,000	208,694	323,694
2031	125,000	201,688	326,688
2032	130,000	195,313	325,313
2033	135,000	188,688	323,688
2034	145,000	181,688	326,688
2035	155,000	174,188	329,188
2036	160,000	166,313	326,313
2037	170,000	158,063	328,063
2038	180,000	149,313	329,313
2039	190,000	140,063	330,063
2040	200,000	130,313	330,313
2041	210,000	119,800	329,800
2042	220,000	108,513	328,513
2043	235,000	96,569	331,569
2044	245,000	83,969	328,969
2045	260,000	70,713	330,713
2046	275,000	56,669	331,669
2047	290,000	41,656	331,656
2048	305,000	25,666	330,666
2049	325,000	8,734	333,734
	$ 4,480,000	$ 3,654,202	$ 8,134,202

Note 8 – Property Taxes

On November 8, 2022, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and for use in financing 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 8 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of $1.25 per $100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was $330,778 on the adjusted taxable value of $26,462,226

Note 9 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended April 30, 2024, the District recorded transfers to other governments in the amount of $3,999,777 for road facilities constructed by developers within the District.

Note 10 – Risk Management

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

Note 11 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 12 – Litigation

The District is currently a third-party litigant in a suit challenging the Public Utility Commission of Texas' authority to decertify the portion of Dobbin-Plantersville Water Supply Corporation's ("DP WSC") certificate of convenience and necessity for water service that previously covered the boundaries of the District ("DP WSC v. Lake"). The District is also a litigant in a suit filed by DP WSC in which DP WSC seeks declaratory relief that it has exclusive right to provide services in that same area, an injunction prohibiting the District from providing services and other remedies ("DP WSC v. the District"). On July 31, 2023, the presiding judge for DP WSC v. the District indicated she would enter an order staying the proceeding pending the outcome of the DP WSC v. Lake. According to the District's litigation attorney, the District has strong arguments in favor of the ultimate dismissal of DP WSC v. the District, as DP WSC is not able to provide water service to the property within a reasonable time, and therefore is not entitled to the protections of 7 U.S.C. Section 1926(b) pursuant to the applicable case law governing such claims. On July 16, 2024, the United States Court of Appeals for the Fifth Circuit affirmed the dismissal of the DP WSC vs Lake suit, and DP WSC has since indicated its intent to seek a rehearing on such ruling.

The District can make no representation regarding either the outcome of either dispute or the timing thereof. Depending upon the outcome of these disputes, the responsibility for the provision of water service in the District could be transferred from the District to DP WSC.

Note 13 – Subsequent Event

On May 15, 2024, after posting the proper notice and following its receipt and review of an application from Sig Magnolia LP (the "Owner"), the owner of approximately 44.20 acres within the District to be developed for purposes of single-family rental homes (the "Property"), the District entered into a Tax Abatement Agreement with Owner (the "Agreement"). Pursuant to the Agreement, 100% of the ad valorem property taxes levied by the District upon the improvements on the Property shall be abated during each year of the term of this Agreement, with such term effective from and after January 1, 2025, until December 31, 2034. In exchange for such tax abatement, Owner agrees to design and construct infrastructure and real property improvements with a taxable assessed value of not less than $5,000,000 prior to December 31, 2034. Additionally, Owner agrees not to sell or convey any portion of the Property to a tax-exempt entity.

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Required Supplementary Information

Montgomery County Municipal Utility District No. 180
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 94,000	$ 107,201	$ 13,201
Sewer service	52,000	147,556	95,556
Property taxes	350,000	332,016	(17,984)
Penalties and interest		1,112	1,112
Tap connection and inspection	292,000	233,114	(58,886)
Miscellaneous		27,597	27,597
Investment earnings		800	800
Total Revenues	788,000	849,396	61,396
Expenditures			
Current service operations			
Professional fees	134,000	170,568	(36,568)
Contracted services	249,600	283,879	(34,279)
Repairs and maintenance	200,500	445,961	(245,461)
Administrative	23,000	33,465	(10,465)
Utilities	18,000	25,264	(7,264)
Other	3,000	30,699	(27,699)
Debt service			
Lease - principal	500,000	222,985	277,015
Lease - interest		310,775	(310,775)
Total Expenditures	1,128,100	1,523,596	(395,496)
Revenues Under Expenditures	(340,100)	(674,200)	(334,100)
Other Financing Sources			
Developer advances	340,100	1,150,000	809,900
Net Change in Fund Balance		475,800	475,800
Fund Balance			
Beginning of the year	(234,638)	(234,638)	
End of the year	$ (234,638)	$ 241,162	$ 475,800

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

Montgomery County Municipal Utility District No. 180
TSI-1. Services and Rates
April 30, 2024

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 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 20.00	5,000	N	$ 2.00	5,001	to	10,000
				$ 2.75	10,001	to	15,000
				$ 3.50	15,001	to	20,000
				$ 4.50	20,001	to	30,000
				$ 6.00	30,001	to	no limit
Wastewater:	$ 50.00	N/A	Y				
LSGCD Fee*:	$ 0.089	1,000	N	$ 0.089	1,001	to	no limit

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water $ 30.89 Wastewater $ 50.00

*The District bills its customers at 105% of the Lone Star Groundwater Conservation District ("LSGCD") fee, which is subject to change.

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"	341	341	x 1.0	341
1"			x 2.5	
1.5"	4	4	x 5.0	20
2"	3	3	x 8.0	24
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	348	348		385
Total Wastewater	338	338	x 1.0	338

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year:

Gallons pumped into system:	27,045,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	23,732,000	87.75%

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 [ ]	Partly [ ]	Not at all [X]
ETJs in which the District is located:			
Are Board members appointed by an office outside the district?	Yes [ ]	No [X]	
If Yes, by whom?			

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2024

Professional fees		
Legal	$	132,851
Audit		10,000
Engineering		27,717
		170,568
Contracted services		
Bookkeeping		11,323
Operator		25,887
Garbage collection		74,160
Tap connection and inspection		165,718
Tax assessor/collector		6,750
Central Appraisal District		41
		283,879
Repairs and maintenance		445,961
Utilities		25,264
Administrative		
Directors fees		10,190
Printing and office supplies		1,229
Insurance		18,800
Other		3,246
		33,465
Other		30,699
Debt service		
Lease - principal		222,985
Lease - interest		310,775
		533,760
Total expenditures	$	1,523,596

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-4. Taxes Levied and Receivable
April 30, 2024

		Maintenance Taxes
Taxes Receivable, Beginning of Year	$	435
Adjustments to Reserve for Uncollectibles		703
Adjusted Receivable		1,138
2023 Original Tax Levy		321,713
Adjustments		9,065
Adjusted Tax Levy		330,778
Total to be accounted for		331,916
Tax collections:		
Current year		325,916
Prior years		411
Total Collections		326,327
Taxes Receivable, End of Year	$	5,589
Taxes Receivable, By Year		
2023	$	4,862
2022		727
Taxes Receivable, End of Year	$	5,589

	2023	2022	2021
Property Valuations:			
Land and Improvements	$ 27,506,156	$ 4,422,990	$ 131,460
Personal Property	37,325	3,045	
Exemptions	(1,081,255)	(3,503,177)	
Total Property Valuations	$ 26,462,226	$ 922,858	$ 131,460
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 1.25	$ 1.25	$ 1.25
Adjusted Tax Levy:	$ 330,778	$ 11,536	$ 1,643
Percentage of Taxes Collected to Taxes Levied ***	98.53%	96.44%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 8, 2022

** Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 8, 2022

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

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
April 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ -	$ 240,250	$ 240,250
2026	95,000	237,044	332,044
2027	100,000	230,463	330,463
2028	105,000	223,544	328,544
2029	110,000	216,288	326,288
2030	115,000	208,694	323,694
2031	125,000	201,688	326,688
2032	130,000	195,313	325,313
2033	135,000	188,688	323,688
2034	145,000	181,688	326,688
2035	155,000	174,188	329,188
2036	160,000	166,313	326,313
2037	170,000	158,063	328,063
2038	180,000	149,313	329,313
2039	190,000	140,063	330,063
2040	200,000	130,313	330,313
2041	210,000	119,800	329,800
2042	220,000	108,513	328,513
2043	235,000	96,569	331,569
2044	245,000	83,969	328,969
2045	260,000	70,713	330,713
2046	275,000	56,669	331,669
2047	290,000	41,656	331,656
2048	305,000	25,666	330,666
2049	325,000	8,734	333,734
	$ 4,480,000	$ 3,654,202	$ 8,134,202

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-6. Change in Long-Term Bonded Debt
April 30, 2024

	Bond Issue
	Series 2023 Road
Interest rate	5.00% - 6.75%
Dates interest payable	9/1;3/1
Maturity dates	9/1/25 - 9/1/48
Beginning bonds outstanding	$ -
Bonds issued	4,480,000
Ending bonds outstanding	$ 4,480,000
Interest paid during fiscal year	$ 60,063

Paying agent's name and city	
Series 2023	BOKF, N.A., Dallas, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	$ 342,305,000	$ 342,305,000	$ 36,500,000
Amount Issued			
Remaining To Be Issued	$ 342,305,000	$ 342,305,000	$ 36,500,000

Bond Authority:	Recreational Facilities Refunding Bonds	Road Facilities Bonds	Road Facilities Refunding Bonds
Amount Authorized by Voters	$ 36,500,000	$ 136,610,000	$ 136,610,000
Amount Issued		(4,480,000)	
Remaining To Be Issued	$ 36,500,000	$ 132,130,000	$ 136,610,000

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 April 30, 2024:	$ 315,959
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 325,368

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Three Fiscal Years

	Amounts		
	2024	2023	2022
Revenues			
Water service	$ 107,201	$ 52,119	$ -
Sewer service	147,556	69,996	
Property taxes	332,016	10,400	1,643
Penalties and interest	1,112	166	
Tap connection and inspection	233,114	246,525	
Miscellaneous	27,597	14,851	
Investment earnings	800	224	3
Total Revenues	849,396	394,281	1,646
Expenditures			
Current service operations			
Professional fees	170,568	138,770	72,596
Contracted services	283,879	191,249	7,856
Repairs and maintenance	445,961	284,651	
Utilities	25,264	18,241	
Administrative	33,465	23,673	9,669
Other	30,699	32,233	2,087
Debt service			
Lease - principal	222,985	115,851	
Lease - interest	310,775	173,589	
Capital outlay			
Right-to-use leased asset			4,035,249
Total Expenditures	1,523,596	978,257	4,127,457
Revenues Under Expenditures	$ (674,200)	$ (583,976)	$ (4,125,811)
Total Active Retail Water Connections	348	187	N/A
Total Active Retail Wastewater Connections	338	185	N/A

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues		
2024	2023	2022
15%	13%	-%
17%	18%	
39%	3%	-
*	*	
26%	62%	
3%	4%	
*	*	
100%	100%	-
20%	35%	-
33%	49%	-
53%	72%	
3%	5%	
4%	6%	-
4%	8%	-
26%	29%	
37%	44%	
		-
180%	248%	-
(80%)	(148%)	-

Montgomery County Municipal Utility District No. 180
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year

	Amounts	Percent of Fund Total Revenues
	2024	2024
Revenues		
Investment earnings	$ 2,485	100%
Expenditures		
Tax collection services	185	7%
Debt service		
Interest and fees	46,716	1880%
Total Expenditures	46,901	1887%
Revenues Under Expenditures	$ (44,416)	(1787%)

See accompanying auditors' report.

Montgomery County Municipal Utility District No. 180
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2024

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):	February 21, 2024
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				
Hussain Iftikhar	05/24 - 05/28	$ 2,510	$ 370	President
Mary Magin	05/24 - 05/28	2,360	430	Vice President
Clayton Weishuhn	05/24 - 05/28	2,068	135	Secretary
Viviana Marcias	05/22 - 05/26	2,068	264	Assistant Secretary
Mindy Selby	02/24 - 05/26	884	11	Assistant Vice President/Assistant Secretary
Daniel Blancas	11/22 - 01/24	300	7	Former Director
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson, LLP	2021			Attorney
General legal fees		$ 291,130		
Bond counsel		131,500		
Municipal District Services, LLC	2021	454,534		Operator
District Data Services	2021	13,186		Bookkeeper
Utility Tax Services, LLC	2021	6,250		Tax Collector
Montgomery Central Appraisal District	Legislation	41		Property Valuation
Perdue Brandon Fielder Collins & Mott, LLP	2021	50		Delinquent Tax Attorney
Elevation Land Solutions	2021	26,381		Engineer
McGrath & Co., PLLC	2021	17,750		Auditor
Post Oak Municipal Advisors, LLC	2021	88,276		Financial Advisor

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

See accompanying auditors' report.