NEW ISSUE—BOOK-ENTRY ONLY
CUSIP No. 273735

RATINGS: Underlying "A+" S&P
AG Insured "AA" (stable outlook) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

In the opinion of Bond Counsel, the Bonds are valid obligations of the District. In the opinion of Special Tax Counsel interest on the Bonds is excludable from gross income for purposes of federal income taxation under statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of the opinions of Bond Counsel and Special Tax Counsel, including the alternative minimum tax on certain corporations.

$165,520,000*

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

(Montgomery County, Texas)

SALES TAX REVENUE BONDS, SERIES 2024

Dated: December 15, 2024 **Due: August 15, as shown on inside cover**

Payment Terms…Interest on the $165,520,000* East Montgomery County Improvement District Sales Tax Revenue Bonds, Series 2024 (herein the "Bonds" or "Series 2024 Bonds") will accrue from December 15, 2024 (the "Dated Date"), and will be payable on February 15 and August 15 of each year commencing February 15, 2025, until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the paying agent and registrar for the Bonds (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Houston, Texas. (See "THE BONDS – Paying Agent/Registrar").

Authority For Issuance…The Bonds and their terms are governed by the provisions of a Resolution (the "Resolution") adopted by the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. (See "THE BONDS – Authority for Issuance").

The Bonds are special and limited obligations of the District, payable from and secured by a lien on and pledge of (i) seventy five percent (75%) of the revenues derived from the sales and use tax levied by the District within its boundaries, and (ii) certain other revenues described herein (collectively, the "Pledged Revenues"). (See "THE BONDS—Security and Source of Payment.") Additionally, the Bonds are secured by a Debt Service Reserve Fund that will be funded by a Reserve Fund Surety Policy to be provided by Assured Guaranty, Inc. all as more fully described herein (See "THE BONDS—Debt Service Reserve Fund" and "INVESTMENT CONSIDERATIONS—Reliance on the Series 2024 Debt Service Reserve Fund and Use of Reserve Fund Surety Policy.") The Bonds are being issued as Additional Parity Bonds payable on an equal and ratable basis with respect to the Pledged Revenues with the District's Sales Tax Revenue Refunding Bonds, Series 2020 (the "Outstanding Bonds"). The District has reserved the right to issue additional bonds secured on a parity basis with the Bonds and the Outstanding Bonds under certain circumstances. (See "THE BONDS—Additional Parity Bonds").

The Bonds are payable by a pledge of and lien on the Pledged Revenues and not from any other revenues, properties or income of the District, including, but not limited to, twenty-five percent (25%) of the sales and use tax levied by the District or the sales tax of any other entity, including, but not limited to, economic development zones created by the District. (See "INVESTMENT CONSIDERATIONS—Economic Development Zone Revenues Not Pledged").

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF TEXAS, MONTGOMERY COUNTY, TEXAS, OR ANY AGENCY, POLITICAL CORPORATION OR SUBDIVISION THEREOF OTHER THAN THE DISTRICT, AND THE DISTRICT'S OBLIGATION TO REPAY THE BONDS IS LIMITED TO THE PLEDGED REVENUES AS DESCRIBED HEREIN. The Bonds are subject to certain Investment Considerations described under the caption "INVESTMENT CONSIDERATIONS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC.

ASSURED GUARANTY®

See Maturity Schedule on the Inside Cover

Delivery…It is expected that the Bonds will be available for delivery through DTC on December 19, 2024.

Legality…The Bonds are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Marks Richardson PC, Houston, Texas, as Bond Counsel and McCall, Parkhurst & Horton L.L.P., as Special Tax Counsel. The Underwriters will be advised on certain legal matters by Norton Rose Fulbright US LLP, Houston, Texas, as Underwriters' Counsel.

RAYMOND JAMES **SAMCO CAPITAL MARKETS**

HILLTOPSECURITIES **RBC CAPITAL MARKETS**

*Preliminary, Subject to Change

MATURITY SCHEDULE*

Principal Amount*	Maturity	Interest Rate	Yield (a)	Principal Amount*	Maturity	Interest Rate	Yield (a)
$2,685,000	2027	%	%	$4,105,000	2036 (b)	%	%
$2,815,000	2028	%	%	$4,300,000	2037 (b)	%	%
$2,950,000	2029	%	%	$4,500,000	2038 (b)	%	%
$3,090,000	2030	%	%	$4,715,000	2039 (b)	%	%
$3,240,000	2031	%	%	$5,605,000	2040 (b)	%	%
$3,405,000	2032	%	%	$5,890,000	2041 (b)	%	%
$3,565,000	2033	%	%	$6,195,000	2042 (b)	%	%
$3,735,000	2034	%	%	$6,510,000	2043 (b)	%	%
$3,915,000	2035 (b)	%	%	$6,845,000	2044 (b)	%	%

$39,100,000* ____% Term Bonds Due August 15, 2049 to Yield ____% (a) (b) (c)

$48,355,000* ____% Term Bonds Due August 15, 2054 to Yield ____% (a) (b) (c)

(a) The initial reoffering yield represent the initial offering yield to the public which has been established by the Underwriters (as herein defined) for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters. Accrued interest on the Bonds from December 15, 2024, is to be added to the price.

(b) The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at a price of par plus accrued interest to the date of redemption. (See "THE BONDS – Optional Redemption").

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

* Preliminary, subject to change

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable. 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. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following statement for inclusion in this official statement:

THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "APPENDIX C − Specimen Municipal Bond Insurance Policy."

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

The District:	The East Montgomery County Improvement District (the "District") is a governmental agency, body politic and corporate and political subdivision of the State of Texas, located 20 miles northeast of downtown Houston along U.S. Highway 59/I-69 in eastern Montgomery County, Texas. The District was created pursuant to special legislation, which is codified at Chapter 3846, Texas Special District Local Laws Code (the "Act"). The District encompasses an area of approximately 158 square miles. The territory of the District is coextensive with the territory as of January 1, 1997, of the New Caney Independent School District and the Splendora Independent School District except that the District does not include: (1) any part of the City of Houston as it existed on January 1, 1997; and (2) any portion of the New Caney Independent School District as it exists on or after September 1, 2001, that is located in Harris County. (See "INTRODUCTION" and "DESCRIPTION OF THE DISTRICT").
The Project:	The project will include land acquisition and construction of a two story, 209,888 square foot convention center building and an 811-space parking garage to be constructed adjacent to the convention center (herein the "Project") to be located in the Valley Ranch Towne Center Development. (See "USE OF BOND PROCEEDS").
The Bonds:	The Bonds are being issued as $165,520,000* Sales Tax Revenue Bonds, Series 2024 (the "Bonds"). Bonds mature as described on the insider cover page of this Official Statement. (See "THE BONDS – Description of the Bonds").
Tax Matters:	Interest on the Bonds will be excludable from gross income for federal income tax purposes. (See "TAX MATTERS").
Payment of Interest:	Interest on the Bonds accrues from December 15, 2024, and is payable February 15, 2025, and each August 15 and February 15 thereafter until maturity or prior redemption. (See "THE BONDS – Description of the Bonds" and "THE BONDS – Optional Redemption").
Redemption:	The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at a price of par plus accrued interest to the date of redemption. (See "THE BONDS – Optional Redemption"). The Bonds maturing on August 15 in the years 2049 and 2054 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on August in the years 2045 and 2050, respectively. (See "THE BONDS – Mandatory Redemption.")
Authority for Issuance:	The Bonds are being issued by the District pursuant to the Constitution and general laws of the State of Texas, The Bonds and their terms are governed by the provisions of a Resolution (the "Resolution") adopted by the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds.
Security for the Bonds:	The Bonds are special and limited obligations of the District, payable from and secured by a lien on and pledge of (i) seventy five percent (75%) of the revenues derived from the sales and use tax levied by the District within its boundaries, and (ii) certain other revenues described herein, including revenues from a hotel occupancy tax (collectively, the "Pledged Revenues"). (See "THE BONDS—Security and Source of Payment.") The Bonds are being issued as Additional Parity Bonds payable on an equal and ratable basis with respect to the Pledged Revenues with the District's Sales Tax Revenue Refunding Bonds, Series 2020 (the "Outstanding Bonds"). The District has reserved the right to issue additional bonds secured on a parity basis with the Bonds and the Outstanding Bonds under certain circumstances. (See "THE BONDS—Additional Parity Bonds").
Use of Proceeds:	Proceeds from the sale of the Bonds will be used to finance the Project, including planning, land acquisition, and construction costs, to fund 21 months of capitalized interest, and to pay certain costs incurred in connection with the issuance of the Bonds, including the cost of obtaining a bond insurance policy and a Reserve Fund Surety Policy. (See "USE OF BOND PROCEEDS").
Rating:	The Bonds are rated "A+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). (See "MUNICIPAL BOND RATING").
Municipal Bond Insurance:	The Bonds will receive an "AA" rating from S&P by virtue of a municipal bond insurance policy (to be purchased by the District) insuring the timely payment of principal and interest on the Bonds which will be provided by Assured Guaranty, Inc. (See "BOND INSURANCE").

*Preliminary, subject to change

Book-Entry-Only System: The Bonds will be registered and delivered in name only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Payment Record: The District has never defaulted on the payment of its interest or principal on any of its previously issued obligations.

Investment Considerations: Generally, sales and hotel occupancy tax revenues are considered to be subject to greater fluctuations than ad valorem tax and utility revenues. Sales and hotel occupancy tax revenues in general, including the sales and hotel occupancy tax revenues of the District, are subject to fluctuations depending upon the state of the economy nationally and more specifically the state of the economy of Montgomery County, Texas. Total sales and hotel occupancy taxes imposed are governed by the Texas Constitution and statutes. Without an election and/or legislative changes, the District cannot increase its rate of taxation if sales or hotel occupancy tax collections decrease. The District does not have any ad valorem taxing authority. The Pledged Revenues (as defined herein) securing the Bonds are a function principally of the pledged portion of the District's sales tax revenues plus certain other pledged revenues as described herein, including a hotel occupancy tax. (See "THE BONDS – Security and Source of Payment," "- Pledge Under the Resolution," "- Debt Service Reserve Fund," "THE SALES TAX," "ADDITIONAL PLEDGED REVENUES," and "INVESTMENT CONSIDERATIONS – Reliance on the Series 2024 Debt Service Reserve Fund and Use of Reserve Fund Surety Policy" herein).

DISTRICT ADMINISTRATION

The District's Board of Directors:

Name	Position
Brenda Webb	Chairperson
Stephen Carlisle	Vice Chair
Katherine Persson	Secretary
Leonard Rogers	Assistant Secretary
Fred Wetz	Director
Ronald Willingham	Assistant Treasurer
Crystal Moore	Director
Elizabeth Mullane	Treasurer/Investment Officer

The District's Administrative Staff:

Name and Office	Position	Service
Frank McCrady	President/CEO	22 Years
Joe O'Connell	Chief Financial Officer	5 Years, 11 Months
Kelley Mattlage, PCED	Chief Communications Officer	10 Years

Consultants and Advisors:

Bookkeeper……… .... ……..…………………………………………….Municipal Accounts & Consulting, L.P.
Houston, Texas

Auditors………………… ....………………………………………….McCall Gibson Swedlund Barfoot PLLC
Houston, Texas

General Counsel and Bond Counsel…………… ....……………………….. Marks Richardson PC
Houston, Texas

Special Tax Counsel……………...………………………. McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor…………………………..…………. The GMS Group, L.L.C.
Houston, Texas

OFFICIAL STATEMENT

relating to

$165,520,000*

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
SALES TAX REVENUE BONDS
SERIES 2024

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $165,520,000 East Montgomery County Improvement District Sales Tax Revenue Bonds, Series 2024 (the “Bonds” or “Series 2024 Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the resolution of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds (the “Resolution”), except as otherwise indicated herein. (See "THE BONDS").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the East Montgomery County Improvement District (the “District”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, The GMS Group, L.L.C., Houston, Texas.

DESCRIPTION OF THE DISTRICT

The District is a governmental agency, body politic and corporate, and political subdivision of the State of Texas, created pursuant to and operating under Chapter 3846, Special District Local Laws Code (the "Act"). The District was created to promote, develop, encourage, and maintain employment, commerce, economic development, and public welfare in the eastern area of Montgomery County, Texas (the “County”).

The District encompasses an area of approximately 158 square miles. The territory of the District is coextensive with the territory as of January 1, 1997, of the New Caney Independent School District and the Splendora Independent School District except that the district does not include: (1) any part of the City of Houston as it existed on January 1, 1997; and (2) any portion of the New Caney Independent School District as it existed on or after September 1, 2001, that is located in Harris County. The District is governed by an eight-member Board of Directors and employs permanent staff which includes a President/CEO. The Commissioners Court of the County appointed the eight initial directors. All current directors were popularly elected in elections held within the District for such purpose. Directors serve staggered four-year terms that expire in May of even-numbered years.

In September 1997, the voters of the District authorized the District's Board of Directors to levy and collect a one percent (1%) sales and use tax within the District and, in November 2009, the voters of the District authorized the District's Board of Directors to levy and collect an additional one-half of one percent (1/2%) sales and use tax within the District, subject to the applicable provisions of the Texas Tax Code and the Act (the sales tax levied pursuant to such elections is referred to herein as, the “Sales Tax”). The Board of Directors of the District has levied all of the authorized Sales Tax. The District relies on this Sales Tax for the funding of substantially all of its programs, functions and services. **Seventy five percent (75%) of the revenues derived from the Sales Tax will be pledged to the payment of the Bonds, the Outstanding Bonds (hereinafter defined), and any Additional Parity Bonds (as defined herein). The remaining 25% of the revenues derived from the Sales Tax will not be pledged to payment of the Bonds or any Additional Parity Bonds but represent funds that are legally available for payment of debt service on the Outstanding Bonds, the Bonds, and any Additional Parity Bonds.**

DISTRICT PROGRAMS AND ACTIVITIES

The District was created by the Texas Legislature in 1997. The mission of the District is to promote, develop, encourage and maintain employment, commerce, economic development and public welfare in the eastern area of Montgomery County, Texas. The District is governed by an eight-member Board of Directors elected by voters in the District and employs a paid permanent staff, including Frank McCrady who serves as the President/CEO.

Currently, there are four main areas of focus for the District’s activities:

Economic Development
Community Development
Educational Development
Building Facility Ownership and Management

The District’s Economic Development activities include recruiting businesses to relocate to the District and utilize the local labor pool; helping existing commercial/retail/industrial businesses to expand with a focus on diversification of activities; providing assistance in infrastructure development so that companies relocating or expanding have an easier time with utility or transportation changes that may be required; and responding to business inquiries on the facts and attributes of the eastern portion Montgomery County. The District has developed and continues to expand an industrial park within the District.

*Preliminary, subject to change.

Community Development activities include providing grants to non-profit organizations assisting in their outreach and service goals to the community; supporting local law enforcement and fire organizations with needs outside the normal budgeted items; funding high visibility projects for the local Chamber of Commerce as well as park and beautification projects; and coordinating two festivals each year that serve local school children's needs for supplies and family activities.

The Educational Development activities increased the number of students from the District accessing college level course work from 21% prior to 2000 to approximately 61% in 2021. These activities included providing up to $1,600 scholarship to every high school graduate, whether graduating from New Caney ISD or Splendora ISD, private schools, or home school, for study at the college level. Approximately 9,053 scholarships have been awarded totaling approximately $8,434,971 since 2000. The District created a Scholarship Foundation to administer the scholarship program and to raise funds to establish a permanent endowment fund. The scholarship endowment is now in excess of $6.8 million.

The District owns and operates a 33,000 square foot multiuse facility on a 12.85-acre site, which serves as a positive standard for high quality building within the District. The building houses the District offices as well as the Small Business Development Center, the Academy of Lifelong Learning and the Chamber of Commerce and is also available for special events such as private business meetings, receptions and weddings. The District (along with the County) financed a public library located on a site adjacent to the District's 33,000 square foot building. Additionally, the District owns a 2.4-acre site that is available for additional office/public facility building development. The District also owns and leases two buildings to one company and has two buildings under construction within its industrial park that will be leased to other companies upon completion of the construction.

THE BONDS

General:

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Resolution, a copy of which is available from Bond Counsel upon request. The Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description of the Bonds:

The Bonds are dated and will bear interest from December 15, 2024, and mature, subject to prior redemption, on August 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each February 15 and August 15, commencing February 15, 2025, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be registered and delivered in name only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

Optional Redemption:

The Bonds maturing on and after August 15, 2035 are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on August 15, 2034, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption:

The Bonds maturing August 15 in the years 2049 and 2050 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table(s) below.

$________ Term Bonds, due August 15, 2049

Mandatory Redemption Date	Principal Amount
August 15, 2045	$________
August 15, 2046	$________
August 15, 2047	$________
August 15, 2048	$________
August 15, 2049 (maturity)	$________

$__________ Term Bonds, due August 15, 2054

Mandatory Redemption Date	Principal Amount
August 15, 2050	$________
August 15, 2051	$________
August 15, 2052	$________
August 15, 2053	$________
August 15, 2054 (maturity)	$________

Notice of Redemption; Partial Redemption:

While the Bonds are in book-entry-only form, pursuant to the Bond Resolution, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than $5,000 in principal amount may be redeemed in part ($5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Authority for Issuance:

The Bonds are being issued by the District pursuant to the Constitution of the State of Texas and the Act. The Bonds and their terms are governed by the provisions of the Resolution.

Security and Source of Payment:

The Bonds are special and limited obligations of the District, payable from and secured by a lien on and pledge of the proceeds of seventy five percent (75%) of the revenues derived from the sales and use tax levied within the District and certain other revenues described in the Resolution, including 100% of the District's hotel occupancy tax revenues, building lease/rent revenues, and event revenues (collectively, the "Pledged Revenues"). See "THE SALES TAX" and "ADDITIONAL PLEDGED REVENUES" herein.

The Bonds are payable on an equal and ratable basis with the District's Sales Tax Revenue Refunding Bonds, Series 2020 (the "Outstanding Bonds") and the holders of the Outstanding Bonds will have the same right to the Pledged Revenues described above as the holders of the Series 2024 Bonds. The District has reserved the right to issue additional bonds secured on a parity basis with the Bonds under certain circumstances ("Additional Parity Bonds").

The Bonds do not constitute an obligation of the State of Texas, Montgomery County, Texas, or any agency, political corporation or subdivision thereof other than the District, and the District's obligation to repay the Bonds is limited to the Pledged Revenues as described herein.

Pledge Under the Resolution:

The District covenants and agrees that the Pledged Revenues are irrevocably pledged to the payment and security of the Bonds, the Outstanding Bonds, and any Additional Parity Bonds that may hereafter be issued by the District. The Resolution further provides that any such Additional Parity Bonds shall be secured by and made payable, in whole or from time to time in part, from a lien on or pledge of the Pledged Revenues equal to and on a parity with the lien on and pledge of the Pledged Revenues in favor of the Bonds in accordance with the terms of the Resolution and any resolution or order by the District in connection with the issuance of the Additional Parity Bonds, which lien shall be valid and binding without any further action by the District and without any filing or recording with respect thereto except in the records of the District

Debt Service Reserve Fund:

The "Series 2024 *Debt Service Reserve Fund"* is created by the Resolution for the benefit of the Series 2024 Bonds. The Series 2024 Debt Service Reserve Fund is required to be funded in an amount equal to the *"Reserve Requirement."* The Reserve Requirement for the Series 2024 Bonds will be computed after the issuance of the Series 2024 Bonds and is the lesser of (i) 1.25 times the average annual debt service on the Series 2024 Bonds, or (ii) the maximum annual debt service on the Series 2024 Bonds, or (iii) 10% of the stated principal amount of the Series 2024 Bonds. See "INVESTMENT CONSIDERATIONS – Reliance on Debt Service Reserve Fund and Use of Reserve Fund Surety Policy."

The District will satisfy the Reserve Requirement by obtaining for the benefit of the Series 2024 Debt Service Reserve Fund a Reserve Fund Surety Bond Policy. A "Reserve Fund Surety Policy" is defined in the Resolution as an insurance policy or other credit agreement in a principal amount equal to the Reserve Requirement to be issued by a financial institution or insurance company with a rating for its long-term unsecured debt or claims paying ability of at least "A" or its equivalent by a nationally recognized statistical rating organization. See "INVESTMENT CONSIDERATIONS – Reliance on Series 2024 Debt Service Fund and Use of Reserve Fund Surety Policy."

No holder of the District's Outstanding Series 2020 Bonds or any Additional Parity Bonds will have a right to the Series 2024 Debt Service Reserve Fund. The holders of the Series 2024 Bonds will not have any right to the debt service reserve fund established for the benefit of the Outstanding Series 2020 Bonds (the "Series 2020 Debt Service Reserve Fund") or any Additional Parity Bonds.

The premium for the Reserve Fund Surety Policy will be paid from bond proceeds or other funds of the District lawfully available for such purpose. All amounts deposited in or required to be deposited in the Series 2024 Debt Service Reserve Fund may be used to pay obligations incurred to providers of the Reserve Fund Surety Policy, including amounts advanced thereunder, interest on such advances and related costs and expenses.

Outstanding Parity Bonds:

As of the date of the Official Statement, the District had $6,720,000 of Outstanding Bonds that are on a parity with the Bonds.

Additional Parity Bonds:

The District expressly reserves the right to issue Additional Parity Bonds upon such terms and conditions as the District deems advisable; provided, however, that it shall be a condition precedent to the issuance of such Additional Parity Bonds, other than refunding bonds, the Pledged Revenues received by the District for the most recently completed Fiscal Year, or during any period of twelve (12) consecutive calendar months out of the eighteen (18) months next preceding the adoption of the resolution authorizing the issuance of such proposed Additional Parity Bonds, shall, for so long as any of the Bonds, Outstanding Bonds or Additional Parity Bonds are outstanding, be not less than 1.50 times the annual average of the principal and interest payments scheduled to become due on the then remaining outstanding Bonds, Outstanding Bonds and Additional Parity Bonds (sometimes collectively referred to herein as the "Parity Bonds").

General Covenant Regarding the Sales Tax:

So long as any of the Bonds, Outstanding Bonds or Additional Parity Bonds shall remain outstanding, the District has covenanted and agreed in the Resolution that, unless required by applicable law, none of the District, the Board of Directors or any Person acting under the control or direction of the District shall take, suffer or permit, or fail or omit to take, any action which would or may (i) result in the repeal, abolition or reduction of the Sales Tax to a rate less than is levied as of the date of the Resolution, or (ii) impair the pledge of and lien on the Pledged Revenues.

The District also covenants and agrees that if, subsequent to the issuance of the Bonds, the District is authorized by applicable law to impose and levy the Sales Tax on any items or transactions that are not subject to the Sales Tax on the date the Resolution was adopted, then the District will take such action as may be required by applicable law to subject such items or transactions to the Sales Tax.

The legislature has authorized an annual three-day sales tax holiday that the District participates in a continuing basis. Participation in these or other State authorized sales tax holidays will not be considered a breach of the above-described covenants or any provision of the Resolution.

Optional Redemption:

The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities and amounts of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot, or other customary method of random selection, the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date.

Defeasance:

The District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal of and interest on the Bonds and may defease the Bonds in accordance with the provisions of applicable laws now or hereafter in effect, including, without limitation, Chapter 1207, Texas Government Code (the "Defeasance Act").

The Defeasance Act currently provides that the Bonds may be defeased by a deposit with the Comptroller of Public Accounts of the State of Texas, a paying agent for any of the obligations to be defeased, or certain other commercial banks and trust companies described in the Defeasance Act, which deposit may be invested only in obligations that mature and bear interest payable at times and in amounts sufficient to provide for the scheduled payment or redemption of the defeased Bonds. The deposit may be invested and reinvested in (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States, (2) 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 defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, or (3) 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 defeasance, are rated as to investment quality by a nationally recognized investment firm not less than AAA or its equivalent.

There is no assurance that the current law will not be changed in a manner which permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is no requirement to maintain investments of a particular investment quality or rating if investments are downgraded after initial establishment of an escrow account.

Flow of Funds:

The Resolution provides for the establishment and or maintenance of the Debt Service Fund, the Series 2020 Debt Service Reserve Fund, and the Series 2024 Debt Service Reserve Fund for the application of the Pledged Revenues, with all such Pledged Revenues flowing first to the General Fund:

Priority	Fund
First Priority	To make monthly transfers into the Debt Service Fund in amounts equal to 1/12th of the interest and principal payments and paying agent fees on the Outstanding Bonds, the Series 2024 Bonds, and any Additional Parity Bonds, if any, that are due during the remainder of the current fiscal year.
Second Priority	To make the necessary transfers into the Series 2020 Debt Service Reserve Fund, the Series 2024 Debt Service Reserve Fund, and any debt service reserve fund established in connection with the issuance of Additional Parity Bonds when and as required, of such amounts as shall be necessary to replenish and to maintain therein the respective Required Reserve amounts.
Third Priority	To make periodic payments on bonds that are secured by a subordinate lien on the Pledged Revenues.
Fourth Priority	To use funds for any of the District's lawful purposes.

Amendments and Supplements to the Resolution:

The District may, without the consent of, or notice to, any insurer or holders of the Parity Bonds, enter into amendments or supplements to the Resolution:

(a) to provide for the issuance, sale and delivery of Additional Parity Bonds in conformity with the requirements and restrictions of the Resolution,

(b) to cure any ambiguity, inconsistency or formal defect or omission in the Resolution, and/or

(c) to modify the Resolution or to add any provisions or changes thereto that do not materially adversely affect the interest of the holders of the Parity Bonds, including, but not limited to providing a pledge of additional funds or other assets to secure the Parity Bonds.

The Resolution and the rights and obligations of the District and of the holders of the Parity Bonds may also be modified or amended at any time by an amendment or supplement to the Resolution with the written consent of the holders of at least a majority of the aggregate principal amount of the Parity Bonds then outstanding. No such modification or amendment shall (i) extend the maturity of any Parity Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Parity Bond, without the express consent of the holder of such Parity Bond, or (ii) permit the creation by the District of any pledge or lien upon any portion of the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Parity Bonds (except as otherwise permitted by the Resolution), or reduce the percentage of holders of Parity Bonds required to consent to the amendment of the Resolution (if such consent is required).

Any consent of a holder to an amendment or supplement to the Resolution shall be binding upon the holder of each Parity Bond giving such consent and on any subsequent holder (whether or not such subsequent holder has notice thereof), unless such consent is revoked in writing by the holder giving such consent or a subsequent holder by filing such revocation with the District prior to the supplement or amendment becoming effective.

The District may also amend its continuing disclosure undertaking with respect to the Bonds as described under "CONTINUING DISCLOSURE OF INFORMATION."

Paying Agent/Registrar:

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Houston, Texas. In the Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized and doing business under the laws of the United States of America or any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered within the United States Securities and Exchange Commission.

Transfer, Exchange and Registration:

The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. (See “BOOK-ENTRY-ONLY SYSTEM”). So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar for the purpose of maintaining the Bond Register on behalf of the District, and the Paying Agent/Registrar shall provide for the registration, transfer and exchange of Bonds in accordance with the terms of the Resolution.

Record Date for Interest Payment:

The record date ("Record Date") for the payment of interest on the Bonds on any interest payment date means the last business day of the month preceding such interest payment date.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company (“DTC”), New York, New York, 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, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities. 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 fewer 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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, Bonds 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, Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor nor the Underwriters take any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

USE OF BOND PROCEEDS

Proceeds from the sale of the sale of the Bonds totaling $168,963,370* (including certain amounts for original issue premium and original issue discount) will be used to finance Project planning costs, land acquisition costs, land development costs, Project construction costs, an amount to fund approximately 21 months of capitalized interest, an amount to pay the cost of bond insurance and to purchase a Debt Service Reserve Fund Surety Policy and amounts to pay certain costs incurred in connection with the issuance of the Bonds.

SOURCES OF FUNDS:		
Principal Amount of Current Interest Bonds	$165,520,000	
CIB Premium	$6,998,308	
CIB Discount	($3,554,938)	
TOTAL SOURCES OF FUNDS	***$168,963,370***	
PROJECT COSTS:		
Total Project Costs	$152,500,000	
TOTAL PROJECT FINANCED COSTS	***$152,500,000***	
NON-CONSTRUCTION COSTS:		
Capitalized Interest	$13,335,152	(a)
Bond Insurance	$147,137	
Debt Service Reserve Fund Surety Policy	$165,520	
Bond Counsel/Special Tax Counsel	$1,050,000	
Financial Advisor	$650,000	
Underwriter's Discount	$877,256	
Underwriter's Counsel	$80,000	
Paying Agent	$1,000	
Trustee	$15,000	
Publication Costs	$2,000	
Printing	$2,500	
Accountant/CPA	$10,000	
Texas Attorney General	$9,500	
Rating Agency	$110,000	
Contingency	$8,305	
TOTAL NON-CONSTRUCTION COSTS:	***$16,463,370***	
TOTAL BOND PROCEEDS	**$168,963,370***	

(a) Includes approximately 21 months of capitalized interest on the Bonds.

*Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the District's Outstanding Bonds plus the estimated debt service requirements for the Bonds.

Fiscal Year Ending 6/30	Outstanding Debt Service Requirements	Plus: Debt Service on the Bonds Principal*	Plus: Debt Service on the Bonds Interest*	Total Debt Service Requirements*
2025	$77,718	-	$1,185,347	$1,263,065
2026	$478,243	-	$7,630,088	$8,098,330
2027	$483,453	$2,685,000	$4,935,088	$8,103,540
2028	$492,969	$2,815,000	$7,422,963	$10,730,932
2029	$501,797	$2,950,000	$7,280,463	$10,732,259
2030	$509,902	$3,090,000	$7,131,338	$10,731,239
2031	$522,292	$3,240,000	$6,970,338	$10,732,629
2032	$528,934	$3,405,000	$6,797,088	$10,731,022
2033	$534,847	$3,565,000	$6,635,963	$10,735,809
2034	$544,942	$3,735,000	$6,451,713	$10,731,654
2035	$559,067	$3,915,000	$6,259,213	$10,733,279
2036	$572,117	$4,105,000	$6,057,963	$10,735,079
2037	$583,333	$4,300,000	$5,852,463	$10,735,795
2038	$597,835	$4,500,000	$5,637,338	$10,735,172
2039	$616,404	$4,715,000	$5,402,338	$10,733,742
2040	$633,969	$5,605,000	$4,496,963	$10,735,931
2041	-	$5,890,000	$4,843,963	$10,733,963
2042	-	$6,195,000	$4,536,588	$10,731,588
2043	-	$6,510,000	$4,224,463	$10,734,463
2044	-	$6,845,000	$3,886,838	$10,731,838
2045	-	$7,170,000	$3,562,963	$10,732,963
2046	-	$7,480,000	$3,254,475	$10,734,475
2047	-	$7,805,000	$2,928,163	$10,733,163
2048	-	$8,145,000	$2,588,356	$10,733,356
2049	-	$8,500,000	$2,234,419	$10,734,419
2050	-	$8,865,000	$1,870,713	$10,735,713
2051	-	$9,250,000	$1,481,706	$10,731,706
2052	-	$9,655,000	$1,076,763	$10,731,763
2053	-	$10,075,000	$660,031	$10,735,031
2054	-	$10,510,000	$225,769	$10,735,769
2055			$10,733,338	$10,733,338
TOTALS	**$8,237,818**	**$165,520,000**	**$144,245,203**	**$38,003,021**

*Preliminary, subject to change.

CALCULATION OF 2024 PLEDGED REVENUE COVERAGE FOR THE ISSUANCE OF ADDITIONAL BONDS

The revenue figures in the table below are based upon the District's records. The District engaged its Auditors to review its revenues for the fiscal year ended June 30, 2024 in order to derive the Pledged Revenue coverage subsequent to the issuance of the Series 2024 Bonds. The table below reflects the Pledged Revenues as defined in the Resolution authorizing the issuance of the Series 2024 Bonds.

Total Sales Tax Collection for Fiscal Year Ended June 30, 2024	$21,662,478	(a)
Sales Tax Collection for Fiscal Year Ended June 30, 2024 Available for Debt Service (75%)	$16,246,858	
Pledged Hotel Occupancy Tax Revenues (100% pledge)	$329,239	
Pledged Building Rent/ Lease Revenues (100% pledge)	$540,321	(b)
Pledged Event Revenues (100% pledge)	$240,039	
Total Pledged Revenues	$17,356,457	
Maximum Annual Debt Service	$10,735,931*	
Coverage of Maximum Requirements by Fiscal Year Ending June 30, 2024 Pledged Revenues	1.62 x *	
Average Annual Debt Service	$10,258,162*	
Coverage of Average Annual Requirements by Fiscal Year Ending June 30, 2024 Pledged Revenues	1.69 x *	

(a) Sales tax revenues for the fiscal years 2020 through 2023 according to the District's audited financial statements are as follows: 2023: $19,892,239; 2022: $18,254,192; 2021: $15,669,095; 2020: $13,515,164.

(b) The figure above excludes $375,070 of one-time non-recurring building lease rent revenue realized from the sale of certain District properties.

*Preliminary, subject to change.

DISTRICT INVESTMENTS

For a list of District investments as of June 30, 2024 please see "Note 5 – Deposits and Investments" on pages 25 through 27 of the District's June 30, 2024 Annual Financial Report. For a list of the District's current investments as of September 17, 2024, see "THE DISTRICT – Current Investments."

THE SALES TAX

Source and Authorization:

The Sales Tax is defined as 1.5% limited sales and use tax (except that in certain areas of the District, the tax is limited to 1%) imposed on all taxable transactions within the District as authorized by the Act and approved by the voters within the District at elections called for such purpose and held on August 9, 1997 and November 3, 2009. The Sales Tax is authorized to be levied and collected against the receipts from the sale at retail of taxable items within the District. The Sales Tax also is an excise tax on the use, storage or other consumption of taxable items purchased, leased or rented from a retailer within the District. The imposition, computation, administration, governance, abolition and use of the Sales Tax is governed by Chapter 323, Texas Tax Code except to the extent that there is conflict with the Act, in which case the provisions of the Act control, and except Sections 323.401 through 323.406, and Section 323.505, Tax Code, do not apply. In addition, Subtitles A and 13, Title 3 and Chapter 151, Tax Code, govern the administration and enforcement of the Sales Tax under the Act.

In addition to the local sales and use taxes levied, as described above, the State levies and collects a 6-1/4% sales and use tax against essentially the same taxable items and transactions as the Sales Tax is levied. Under current State law, the maximum aggregate sales and use tax which may be levied within a given area is 8 1/4%. The current aggregate sales and use tax levied in the majority of the District is 8 1/4%, of which 6 1/4% is levied by the State of Texas (the "State"), 1.5% is levied by the District and .5% is levied by other municipalities or political subdivisions located within Montgomery County; provided, however, that in certain areas within the District, the District is only able to levy a 1% sales and use tax and other political subdivisions levy a 1% sales and use tax. Under current law, any additional Sales Tax levied by other governmental subdivisions, including the District or subdivisions thereof, cannot exceed 2%.

Taxable Transactions:

In general, as applied to the Sales Tax, a taxable item includes any tangible personal property and certain taxable services. "Taxable services" include certain amusement services; personal services, cable television services; motor vehicle parking and storage services; the repair, maintenance and restoration of most tangible personal property; certain telecommunication services; credit reporting services; debt collection services; insurance services; information services; real property services; data processing services; real property repair and remodeling services; and security services, telephone answering services; internet access services; and certain transmission or delivery of taxable electricity usage. Many items are exempted by State law from sales and use taxes, including items purchased for resale, food products (except food products which are sold for immediate consumption, e.g. by restaurants, lunch counters, etc.), health care supplies (including medicines, corrective lens and various therapeutic appliances and devices), agricultural items (if the item is to be used exclusively on a farm or ranch or in the production of agricultural products), gas and electricity purchased for residential use, newspapers and magazines. Political subdivisions may by local option determine to tax certain telecommunication services (some aspects of telecommunication services, such as interstate telephone calls and broadcasts regulated by the FCC are not subject to either State or local taxation). The District has opted to repeal the local telecommunication services exemption. With respect to the taxation of the residential use of gas and electricity, the State is not authorized to collect a sales tax, while political subdivisions, on a local option basis, may tax such use. The District has opted to tax the residential use of gas and electricity.

In addition, items which are taxed under other State laws are generally exempted from sales taxes. These items include certain natural resources, cement, motor vehicles and insurance premiums. Alcohol and tobacco products are taxed under both State alcohol and tobacco taxes as well as through the sales taxes. In addition, purchases made by various exempt organizations are not subject to the sales and use taxes. Such organizations include the federal and state governments, political subdivisions, Indian tribes, religious institutions and certain charitable organizations and non-profit corporations. Also, State law provides an exemption from sales taxes on items purchased under a contract in effect when the legislation authorizing such tax (or the increase in the rate thereof) is enacted, up to a maximum of three years.

In general, a sale of a taxable item is deemed to occur within a political subdivision, county or special district in which the sale is consummated. The tax levied on the use, storage or consumption of tangible personal property is considered to be consummated at the location where the item is first stored, used or consumed. Thus, the use is considered to be consummated in a political subdivision, and the tax is levied there if the item is shipped from outside the state to a point within the political subdivision.

Collection Procedure:

The Comptroller administers all sales tax laws and collects all sales and use taxes levied by the State, and levying counties, municipalities, political subdivisions and other special districts having sales tax powers. With certain exceptions, sales and use taxes in the State are collected at the point of sale and are remitted to the Comptroller by the "taxpayer" who is, generally speaking, the business that collects the tax resulting from a taxable transaction. Taxpayers owing $500 or more sales and use tax dollars in a calendar month submit their tax collections to the Comptroller on a monthly basis; taxpayers owing less than $500 sales and use tax dollars in a calendar month or less than $1,500 in a calendar quarter submit their tax collections quarterly; and taxpayers owing less than $1,000 in a calendar year submit their tax collections annually. Taxpayers are required to report and remit to the Comptroller by the 20th day of the month following the end of the reporting period. The reporting period for yearly filers ends each December 31; for quarterly filers, the reporting period ends at the end of each calendar quarter; and monthly filers report and remit by the 20th of each month for the previous month. The Comptroller is required by law to distribute funds to the receiving political subdivisions periodically and as promptly as feasible but not less frequently than twice during each fiscal year of the State. Historically, and at the present time, the Comptroller distributes the funds monthly with the largest payments being made quarterly in February, May, August and November. The Comptroller has a direct deposit program using electronic funds transfers to expedite the distribution of monthly allocation checks. If a political subdivision desires to participate in the electronic funds transfers, it may make application to the Comptroller. The District participates in this program. Otherwise, the Comptroller mails the monthly allocation check, which is typically received by the middle of the month following the month in which the taxpayer reports and remits payment on the tax.

Collection and Allocation of Delinquent Taxes:

The Texas Comptroller of Public Accounts (the "Comptroller") is responsible for enforcing the collection of sales and use taxes in the State. Under State law the Comptroller utilizes sales tax permits, sales tax bonds and audits to encourage timely payment of sales and use taxes. Each entity selling, renting, leasing or otherwise providing taxable goods or services is required to have a sales tax permit. Permits are required for each individual location of a taxpayer and are valid for only one year, requiring an annual renewal. As a general rule, every person who applies for a sales tax permit for the first time, or who becomes delinquent in paying the sales or use tax, is required to post a bond in an amount sufficient to protect against the failure to pay taxes. The Comptroller's audit procedures include auditing the largest 2% of the sales and use tax taxpayers (who report about 65% of all sales and use tax in the State annually), every three or four years. Other taxpayers are selected at random or upon some other basis for audits. The Comptroller also engages in taxpayer education programs and mails a report to each taxpayer before the last day of the month, quarter or year that it covers.

Once a taxpayer becomes delinquent in the payment of a sales or use tax, the Comptroller may collect the delinquent tax by using one or more of the following methods: (i) collection by an automated collection center or local field office, (ii) estimating the taxpayers' liability based on the highest amount due in the previous 12 months and billing them for it, (iii) filing liens and requiring a new or increased payment bond, (iv) utilizing forced collection procedures such as seizing assets of the taxpayer (e.g., a checking account) or freezing assets of the taxpayer that are in the custody of third parties, (v) removing a taxpayer's sales and use tax permit, and (vi) certifying the account to the Attorney General's Office to file suit for collection. A political subdivision may not sue for delinquent taxes unless it joins the Attorney General as a plaintiff or unless it first receives the permission of the Attorney General and the Comptroller.

The Comptroller retains 2% of the tax receipts for collection of the tax; additionally, under State law, a taxpayer may deduct and withhold 1/2 of 1% of the amount of taxes due on a timely return as reimbursement for the cost of collecting the sales and use taxes. In addition, a taxpayer who prepays its tax liability on the basis of a reasonable estimate of the tax liability for a month or quarter in which a prepayment is made, may deduct and withhold 1 1/4% of the amount of the prepayment in addition to the 1/2% allowed for the cost of collecting the sales and use tax.

Sales Tax Data:

Historical information regarding sales within the District which are subject to the State sales and use tax are presented herein, and while the District has no reason to expect that receipts of the pledged portion of the Sales Tax will ever be insufficient to pay the debt service on the Parity Bonds secured by the Pledged Revenues, it makes no representation that, over the term of the Bonds, sales and services within the District will provide sufficient Sales Tax receipts to pay the Bonds, Outstanding Bonds, or Additional Parity Bonds, if any.

In August 1997, the voters of the District authorized the District's Board of Directors to levy and collect one percent sales and use tax within the District, subject to the applicable provisions of the Texas Tax Code. In November 2009, the voters of the District authorized the District's Board of Directors to levy and collect an additional one-half of one percent sales and use tax within the District, subject to the applicable provisions of the Texas Tax Code. The District relies on this tax for the funding of substantially all of its programs, functions and services. Seventy-five percent (75%) of the revenues derived from the Sales Tax are pledged to the payment of the Outstanding Bonds, the Bonds and any Additional Parity Bonds.

The following table presents the District's monthly deposit of the District's Sales Tax revenues received from the Comptroller's office for the fiscal years 2020 – 2024; such figures are unaudited and are presented for "informational purposes only". The District believes that the data reflects the area's economic activity and the growth in the District's principal revenue stream that is available to fund District operations and to secure the District's bonds. Because of the Comptroller's payment schedule, the sales tax generated in any month will typically result in a cash receipt from the Comptroller's office 2-3 months later. Because of the time lag, the annual sales tax revenue figures in the table below will vary from the sales tax revenues reflected in the District's audited financial statements from year to year. See "CALCULATION OF 2024 PLEDGED REVENUE COVERAGE FOR THE ISSUANCE OF ADDITIONAL BONDS – footnote a" for the audited sales tax revenues for 2020 – 2023.

Deposit	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
July	$1,731,180	$1,549,850	$1,323,242	$1,152,165	$1,002,480
August	$2,027,521	$1,929,402	$1,724,394	$1,435,107	$1,198,710
September	$1,789,954	$1,548,215	$1,368,755	$1,128,320	$1,074,452
October	$1,827,734	$1,504,699	$1,319,731	$1,063,404	$1,011,375
November	$1,928,104	$1,813,982	$1,655,174	$1,424,718	$1,192,566
December	$1,662,722	$1,536,358	$1,312,187	$1,135,888	$1,156,315
January	$1,716,693	$1,637,839	$1,485,118	$1,136,823	$1,024,186
February	$2,216,652	$2,109,828	$1,916,281	$1,649,787	$1,513,529
March	$1,554,797	$1,505,450	$1,415,544	$1,294,926	$1,017,693
April	$1,647,266	$1,420,290	$1,240,350	$971,473	$909,495
May	$2,116,738	$1,910,354	$1,897,141	$1,769,652	$1,225,597
June	$1,845,487	$1,694,320	$1,541,293	$1,372,031	$1,083,231
Annual Totals	**$22,064,848**	**$20,160,587**	**$18,199,210**	**$15,534,294**	**$13,409,629**

Principal Sales Tax Collectors:

According to information compiled by the District as of April 2024, there are approximately 1,393 sales tax generating entities within the boundaries of the District. The two Wal-Mart stores and Home Depot are the largest generators of sales tax within the District. The District estimates that these three taxpayers combined provide approximately 9% of the annual District sales tax revenues. In the event that one of these three of these stores were to close or significantly reduce operations, the District could experience an adverse impact on revenues. According to data supplied by the Texas Comptroller to the District, other major sales tax generators within the District include, but are not limited to, the following: Academy Sporting Goods Store, PetSmart, Target, Tractor Supply, Big Lots, Entergy Corporate Accounts, Hallett Materials, Sherwin Williams, two Kroger's, Walgreen's, CVS, McDonald's, Schlotzky's Restaurant, Jack in the Box, Sonic, Pizza Hut, KFC/Taco Bell, Popeye's, Burger King, Brewingz Restaurant, Taco Cabana, Panera Bread Restaurant, a Gringo's Mexican Restaurant, Smash Burger, New Valley Ranch, Chili's, TJ Maxx, Ross Stores, Burlington Coat Factory, Hobby Lobby, Express Family Clinic, Verizon Store, T-Mobile Store, Cinemark Theatre, the Hoffbrau Restaurant, Olive Garden, Buffalo Wild Wings, Bed, Bath, and Body Works, Yummy Tummy Pastries, Sub Zero Nitrogen, La Michoacana Food Market, Starbucks, Planet Fitness, Chipotle, Home Goods, Crumbl cookies, Dave's Hot Chicken, Jersey Mike's, Raising Cane's, Goody Goody Liquor, Victoria Secret, Saltgrass Steakhouse, and Kung Fu Tea. In addition, the retail industry is very competitive and price sensitive and as a result the dynamics of the marketplace outside the District could result in competing facilities drawing sales away from establishments located in the District.

ADDITIONAL PLEDGED REVENUES

Hotel Occupancy Tax

The District's enabling legislation, Chapter 3846, Texas Special District Local Laws Code (the "Act") gave it the authority to collect a hotel occupancy tax from the hotel and motel establishments located within its boundaries. The District's base Hotel

Occupancy Tax ("HOT") rate is currently 7%, as established by an order of the Board of Directors adopted on August 9, 2007. The District began collecting the base HOT within the boundaries of the District on September 1, 2007. Pursuant to the provisions of the Act, the District is authorized, by order of its Board of Directors, to impose the HOT on persons, based upon the price paid, for the use or possession, or right of use or possession, of rooms ordinarily used for sleeping at any hotel in the District, except for such hotel rooms located wholly or partially in the city of Splendora, Texas, as the boundaries of such city existed on April 1, 2007 . Under the Act, the District HOT may be imposed only for rooms for which the cost of occupancy is at a rate of $2 or more per day and at a rate not to exceed 7% of the price paid for the room. The District receives HOT collections in the month after they are collected from taxpayers.

The District is pledging 100% of the HOT revenue toward payment of the Bonds, the Outstanding Bonds and any Additional Parity Bonds that might be issued in the future; however, the Resolution provides that the pledge of HOT revenue can be terminated by the District if the Pledged Revenues, excluding HOT revenues, are equal to or greater than 1.50 times the District's annual debt service requirements for three consecutive years.

The Act provides that the District may, by Board action, repeal, increase or decrease the rate of HOT imposed at any time, subject to the current maximum rate of 7% allowed under state law for the HOT. However, in the Resolution, the District has covenanted and agreed that the HOT revenues, at a rate of 7%, are pledged to the payment and security of the Bonds, the Outstanding Bonds, and any Additional Bonds, and that, as long as the HOT revenues are pledged to payment of the Bonds, the Outstanding Bonds or Additional Parity Bonds, the District will take no action to repeal or decrease below 7% the rate of HOT imposed by the District. Such covenant does not require the District to object to any proposed change in use or destruction of any hotel properties in the District, and the District may exclude from its boundaries any properties which have never been or have ceased for more than 180 consecutive days to be used for hotel purposes.

The District contains a total of 8 hotels and motels (including a total of 413 rooms) which collect the HOT tax payable to the District. The hotel occupancy tax revenues realized by the District during the past 5 years are summarized in the table below:

2024	$329,239
2023	$280,134
2022	$352,358
2021	$201,786
2020	$181,523

Building Lease/Rent Revenues and Event Revenues

The District owns and operates facilities and buildings which house the District's offices as well as offices used by other entities. The District rents office or other space to 5 different entities with lease terms ranging from 3 years to 5 years. Certain buildings are also available for special group activity events such as private business meetings, receptions and weddings.

The District is pledging 100% of the building lease/rent revenues and the event revenues toward payment of the Bonds, the Outstanding Bonds and any Additional Parity Bonds that may be issued in the future. The table below summarizes the District's building lease/rent revenues and event revenues for the past 5 years.

Year	Building Lease/Rent Revenues	Event Revenues
2024	$951,941	$240,039
2023	$540,231(a)	$161,880
2022	$175,528	$383,922
2021	$293,566	$284,361
2020	$239,580	$125,765

(a) The figure above excludes $375,070 of one-time non-recurring building lease rent revenue realized from the sale of certain District properties.

INVESTMENT CONSIDERATIONS

The Sales Tax:

The security for the Bonds is a percentage of the receipts of the Sales Tax received by the District. The amount of revenues from the Sales Tax is closely related to the amount of economic activity in the District. Sales and use tax receipts, unlike other taxes levied by political subdivisions, immediately reflect changes in the economic conditions of a political subdivision. The Sales Tax revenues are ultimately based on economic activity in the District. Historic activity may not be an indicator of future Sales Tax receipts.

Historically, the Comptroller has remitted sales and use tax allocation payments to political subdivisions on a monthly basis, but State law currently requires that such allocation be made at least twice annually and such procedures could change in the future. Additionally, the taxable items and services subject to State and local sales and use taxes are subject to legislative action, and have been changed in recent years by the Texas State Legislature. In general state law provides that the Sales Tax cannot be levied against any taxable item or service unless such item or service is also subject to the State sales and use tax.

In recent years the State Legislature has enacted laws permitting the State, together with its political subdivisions, to levy sales and use taxes of up to 8 1/4%, which is among the highest sales tax rates in the nation (although the State has no personal or corporate income tax), and the current total sales and use tax rate within the District's boundaries is 8 1/4% in most areas (including State and any City or other governmental subdivision taxes as well as the Sales Tax). The rate of the sales and use taxes authorized in the State could be further increased by the State Legislature and the District has no way of predicting any such increase or the effect that would have on the Sales Tax which secures the Bonds. State leaders have appointed committees to study methods of achieving greater tax equity within the State's tax system. Any changes which may be enacted by the State Legislature could affect the tax base against which the Sales Tax is levied; and the District, except in certain limited instances described under “The Sales Tax,” has no control over the components of the tax base.

Tax receipts received by the District are expected to be subject to seasonal variations and to variations caused by the State laws and administrative practices governing the remittance of sales and use tax receipts which authorize different taxpayers to remit the tax receipts at different times throughout the year.

Tax receipts are also affected by changes in consumer behavior. The exponential increase in online shopping and the popularity of companies like Amazon have had a large impact on some local governments’ sales tax revenues and have been the subject of legislation and litigation. Generally, sales and use taxes in the State are collected at the point of a taxable transaction which is considered to be the location of the business where the purchase price is collected. In the case of online transactions, the taxable transaction is generally considered to take place at the location (residence) of the purchaser, and the jurisdiction in which the residence is located would receive the sales tax from the transaction. Whether consumers purchase taxable items from stores within the District or purchase the taxable items through an online transaction may affect the sales tax receipts of the District, depending on the location of the consumer’s residence (in or outside the District). This factor is independent of economic conditions. The District cannot predict what impact online shopping may have on its Sales Tax receipts in the future.

The Comptroller has the primary responsibility for enforcing sales and use tax laws and collecting delinquent taxes. The collection efforts of the Comptroller are subject to applicable U.S. Bankruptcy Code provisions with respect to the protection of debtors.

Changes in the tax base against which a sales and use tax is assessed, as well as changes in the rate of such taxes, and consumer purchasing practices make projections of future tax revenue collections difficult. No independent projections have been made with respect to the revenues available to pay debt service on the Bonds.

Historical information regarding sales within the District which are subject to the State sale and use tax are presented herein, and while the District has no reason to expect that receipts of the Sales Tax will ever be insufficient to pay its outstanding Sales Tax secured debt, it makes no representation that, over the term of the Bonds, sales and services within the District will provide sufficient Sales Tax receipts to pay the Bonds, the Outstanding Bonds, and Additional Parity Bonds, if any, which are on a parity with respect to the use of the proceeds from the Sales Tax. (See “THE BONDS – Additional Parity Bonds”).

Future Debt:

The Bonds will be issued pursuant to the Resolution. The District has reserved the right, subject to satisfaction of certain conditions, to issue Additional Parity Bonds secured on parity with the Bonds. The Resolution permits the future issuance of Additional Parity Bonds pursuant to one or more supplemental resolutions; provided, however, the Pledged Revenues received by the District for the most recently completed Fiscal Year, or during any period of twelve (12) consecutive calendar months out of the eighteen months next preceding the adoption of the resolution authorizing the issuance of such proposed Additional Parity Bonds, shall be not less than 1.50 times the annual average of the principal and interest payments scheduled to become due on the remaining outstanding bonds and Additional Parity Bonds.

The District has further reserved the right to issue bonds or other obligations that are secured by a subordinate lien on the Pledged Revenues. The District has also reserved the right to issue other bonds, notes or indebtedness, including, without limitation, special project bonds, event admission tax bonds, or event parking tax bonds, for any lawful purpose so long as same are payable from and secured by any resources, assets, income or revenues of the District other than the Pledged Revenues.

The District has covenanted that so long as any of the Bonds, Outstanding Bonds, or Additional Parity Bonds remain outstanding, the District will not issue any bonds, notes or other obligations secured, in whole or in part, from a lien on and pledge of the Pledged Revenues that is superior to the lien on and pledge of the Pledged Revenues in favor of the Outstanding Bonds, the Bonds and any Additional Parity Bonds.

Bondholders’ Remedies:

The Resolution does not establish specific events of default with respect to the Bonds. Under State law there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Resolution. Although a registered owner of Bonds could presumably obtain a judgment against the District if a default occurred in the payment of the principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the District other than the Pledged Revenues. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to observe or perform any of its obligation under the Resolution. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The Resolution does not provide for the appointment of a trustee to represent the interests of the bondholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition. Furthermore, the District is eligible to seek relief from its creditors under the U.S. Bankruptcy Code. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Ultimately, collection and enforcement of the Sales Tax is controlled by the State of Texas. While the District has undertaken to take all legal means and actions permissible to cause the Sales Tax to be levied and collected, collection and enforcement of the Sales Tax is controlled by the State of Texas. Bondholders may have no remedies against the State of Texas if it fails to collect and distribute Sales Tax revenues.

Economic Factors:

Generally, sales and hotel occupancy tax revenues are considered to be subject to greater fluctuations than ad valorem tax and utility revenues. Sales and hotel occupancy tax revenues in general, including the sales and hotel occupancy tax revenues of the District, are subject to fluctuations depending upon the state of the economy nationally and more specifically the state of the economy of east Montgomery County, Texas. Total sales and hotel occupancy taxes imposed are governed by the Texas Constitution and statutes. Without an election and/or legislative changes, the District cannot increase its rate of taxation if sales or hotel occupancy tax collections decrease. The District does not have any ad valorem taxing authority at this time. The Pledged Revenues securing the Bonds are derived solely from a portion of the District's sales tax revenues and the other revenues described under "ADDITIONAL PLEDGED REVENUES," including hotel occupancy taxes, building rentals, and event fees.

Additionally, it should be recognized that the Houston metropolitan area has during times of lower prices for oil and natural gas experienced economic downturns including increases in unemployment, business failures, and slow absorption of commercial/retail/industrial building space and home building. A continuation of such lower oil and natural gas prices for a prolonged period of time could adversely affect the level of economic activity within the District and therefore the Pledged Revenues.

For more information about the economic development of the District, see "APPENDIX A – General Information Regarding the District."

Bond Insurance Investment Considerations:

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

Default of payment of principal of, and interest on, the Bonds does not accelerate the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies, and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law governing insolvency of insurance companies.

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

Reliance on the Series 2024 Debt Service Reserve Fund and Use of Reserve Fund Surety Policy:

The District has applied for a Reserve Fund Surety Policy from the Bond Insurer in lieu of making a cash deposit to the Series 2024 Debt Service Reserve Fund in connection with the issuance of the Bonds.

The financial strength and claims paying ability of the Bond Insurer providing the Reserve Fund Surety Policy is predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of such a Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. There is no obligation on the part of the District to replenish the Series 2024 Debt Service Reserve Fund if the ratings of the Bond Insurer are downgraded or the Bond Insurer becomes insolvent or bankrupt.

The obligations of the Bond Insurer providing the Reserve Fund Surety Policy are contractual obligations and in an event of default by the provider, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

The Series 2024 Debt Service Reserve Fund is to be utilized when there are insufficient funds in the Debt Service Fund to pay principal and interest coming due on the Series 2024 Bonds and replenished from future Pledged Revenues. The amount of the Series 2024 Debt Service Reserve Fund is limited to the Reserve Requirement and may not be sufficient to pay debt service on the Series 2024 Bonds, depending upon the amount, duration and frequency of the shortage in Pledged Revenues. If the Reserve Fund Surety Policy is utilized then the District is required to repay the Bond Insurer, along with costs and accrued interest. The District may not have sufficient Pledged Revenues to repay the Bond Insurer. In such event the Bond Insurer may be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect the owners of the Series 2024 Bonds and any other District Bonds.

Severe Weather Events

The District is located approximately 90 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged a substantial amount of the improvements within the District, businesses could be interrupted and/or residents may be forced to relocate temporarily or permanently outside of the District, which could, in turn, substantially reduce the revenues produced from the Sales Tax.

The District's revenues from the Sales Tax have were not materially adversely affected by such weather events for any significant length of time and the District has never defaulted on its previously issued debt secured by its Sales Tax revenues. However, the District cannot make any representation as to whether any future severe weather events will occur or whether they will have a material adverse effect on the Sales Tax revenues.

Risk Factors Related to Hotels:

The hotel market is subject to operating risks, such as changes in general economic conditions, the level of demand for rooms and related services; cyclical over-building in the hotel industry; competition from other hotels, motels and recreational properties outside of the District; the recurring need for renovations and refurbishment; restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules and regulations; the inability to secure property and liability insurance to fully protect against all losses or to obtain such insurance at reasonable rates; and changes in travel patterns. The hotel market is highly competitive. Hotels and motels in the District will compete with other hotels in the broader market area and against Airbnb rentals. There can be no guarantee that the hotel occupancy taxes received by the District will remain at the current level.

Cybersecurity

Like many organizations, the District is dependent on digital technologies. These systems necessarily hold sensitive protected information that is valued on the black market for such information. As a result, the electronic systems and networks of organizations like the District are considered targets for cyber-attacks and other potential breaches of their systems. The District has taken, and continues to take, measures to protect its information technology system against such cyber-attacks and carries cybersecurity liability insurance, but there can be no assurance that the District will not experience a breach. If such a breach occurs, the financial consequences of such a breach could have a materially adverse impact on the District.

Economic Development Zone Revenues Not Pledged:

As permitted by the Act, the District has created four (4) economic development zones. Such economic development zones are separate political subdivisions of the State of Texas and are permitted to levy a sales and use tax, which is currently limited to a maximum of a ½ cent sales and use tax and is separate from and in addition to the District's Sales Tax. The economic development zones may also impose other taxes and collect other revenues, but no such tax or other revenue is pledged to the repayments of the Bonds or the Additional Parity Bonds.

DISTRICT INVESTMENTS

The District is a governmental agency, body politic and corporate, and political subdivision of the State of Texas and is subject to the provisions of the Public Funds Investment Act (V.T.C.A., Government Code, (Ch. 2256) with respect to the investment of its funds. The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the District. Both state law and the District's investment policies are subject to change.

Legal Investments:

Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for District deposits, (7) certificates of deposit and share certificates issued by a state or federal credit union domiciled in the State of Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (5) or in any other manner and amount provided by law for District deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state hank, (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies:

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management: and that include a list of authorized investments for District funds. All District funds must be invested consistent with the District investment policies and the written investment strategies set forth therein. Each investment strategy must describe the investment objectives for each particular fund of the District using the following priorities in order of importance: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Directors.

Additional Provisions:

Under Texas law the District is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell investments to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Directors; (3) provide specific investment training for the investment officer(s); (4) restrict the investment in mutual funds in the aggregate to no more than 80% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (5) invest its funds only in local government investment pools which conform to disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments:

As of September 17, 2024, the District's investable funds were invested in the following categories:

Description	Percent of Total	Market Value
Certificates of Deposit	4.49%	$470,000
Texas Class	21.65%	$2,268,456
Money Market Funds	22.51%	$2,359,279
Checking Accounts	51.35%	$5,381,605
Totals	**100.00%**	**$10,479,340**

LEGAL MATTERS

Legal Opinion:

Attorney General: The District will furnish the Underwriters a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that: (1) the Bonds are valid and binding limited and special obligations of the District, (2) the Bonds are payable solely out of and secured solely by a lien on and pledge of the Pledged Revenues, with such lien being on a parity with the lien securing the Outstanding Bonds and any Additional Parity Bonds, as provided in the Resolution, (3) the Registered Owners of the Bonds shall never have the right to demand payment of the Bonds from any tax proceeds other than the Pledged Revenues, and (4) neither the State of Texas nor any other political corporation, subdivision, or agency of the State of Texas shall be obligated to pay the Bonds or the interest thereon, and neither the faith and credit nor the ad valorem taxing power of the State of Texas or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal and interest on the Bonds .

Bond Counsel: The District will also furnish the legal opinion of Marks Richardson PC ("Bond Counsel") to the effect that, based upon an examination of such transcript: (1) the Bonds are valid and legally binding limited and special obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District, (2) the Bonds are payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues on a parity with the Outstanding Bonds and any Additional Parity Bonds, as provided in the Resolution, (3) the Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance on any property of the District, except with respect to the Pledged Revenues, and (4) the Registered Owners of the Bonds shall never have any right to the demand payment of the Bonds from revenue sources of the District other than the Pledged Revenues.

Special Tax Counsel: Additionally, the District will furnish the legal opinion of Special Tax Counsel to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions, subject to the matters described in “TAX MATTERS” herein. Such opinion expresses no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Special Tax Counsel’s opinion is not a guarantee of a result, but represents legal judgment based upon the review of existing statutes, regulations, published rulings, court decisions, and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “Service”) with respect to the matters addressed in the opinion of Special Tax Counsel, and Special Tax Counsel’s opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the District as the “taxpayer,” and the Owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the Owners. 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 its ultimate outcome.

Legal Review:

In its capacity as Bond Counsel, Marks Richardson PC, has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "DESCRIPTION OF THE DISTRICT," and "LEGAL MATTERS – Bond Counsel" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 of the other information contained herein.

In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information appearing in this Official Statement under the captioned sections “TAX MATTERS” and “LEGAL MATTERS – Special Tax Counsel” solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 of the other information contained herein.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Special Tax Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Special Tax Counsel will rely upon (a) the opinion of Marks Richardson PC, Bond Counsel to the District, that the Bonds are valid and binding obligations of the District payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues (b) the District's federal tax certificate and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by the District to comply with these representations or covenants, could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Special Tax Counsel is conditioned on compliance by the District with the covenants and the requirements described in the preceding paragraph, and Special Tax Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Special Tax Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax Counsel's opinion is not a guarantee of a result. The law upon which Special Tax Counsel has based its opinion is subject to change by the Congress and to subsequent judicial and, administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Special Tax Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal or maturity amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bond"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public 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 in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the 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 and 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 Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, 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 the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation’s "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, will assign municipal bond ratings of “AA” to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty, Inc. S&P has also assigned an underlying rating of “A+” to the Bonds An explanation of the ratings may be obtained from S&P. See “INVESTMENT CONSIDERATIONS—Bond Insurance Investment Considerations,” “BOND INSURANCE” and “APPENDIX C – Specimen Municipal Bond Insurance Policy”

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

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

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

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

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

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

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

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately $3,644 million.
- The contingency reserve of AG was approximately $1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

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

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

Miscellaneous Matters

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

OTHER INFORMATION

No-Litigation Certificate:

With the delivery of the Bonds, one or more officers of the District will, on behalf of the District, execute and delivery to the Underwriters a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice has been filed or is pending or threatened against the District, either in state of federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

Registration and Qualification of Bonds for Sale:

The offer and sale of the Bonds have not been registered under the federal Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder; and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for 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 provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas:

Pursuant to the Texas Bond Procedures Act, Chapter 1201 of the Texas Government Code as amended, provides that certain obligations of public agencies (which include the Bonds) are eligible and lawful security for all deposits of public funds of the State of Texas and any board, authority, agency, department, commission, political subdivision, municipal corporation, district, public corporation, body politic or instrumentality of the State of Texas to the extent of the market value thereof. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or will be acceptable to such institutions for investment purposes. No representation is made with respect to other laws, rules, regulations, or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes. The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the suitability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability of the Bonds for investment or collateral purposes.

Authenticity of Financial Data and Other Information:

The financial data and other information contained herein have been obtained from District records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CONTINUING DISCLOSURE OF INFORMATION

The District will provide annually to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access ("EMMA"), within six months after the end of each Fiscal Year, financial information and operating data with respect to the District of the general type included in this Official Statement under "DEBT SERVICE REQUIREMENTS," "THE SALES TAX - Sales Tax Data," "ADDITIONAL PLEDGED REVENUES," and Appendix B. Any financial statements to be so provided shall be (i) prepared in accordance with the generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and (ii) audited, if the District commissions an audit of such statements and such audit is completed within the period during which it must be provided. If any such audit is not completed within such period, then the District shall provide such audited financial statements for the applicable Fiscal Year to the MSRB via EMMA when and if such audit report becomes available.

Material Event Notices:

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 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 within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. Financial obligation in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal bonds (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Resolution make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. 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."

Limitations and Amendments:

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

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

Compliance with Prior Undertakings:

In 2019, S&P upgraded the District's rating on its outstanding Bonds from single "A" to "AA-". The District failed to make the necessary filing with EMMA on a timely basis; a notice of the rating upgrade and a notice of the late filing were made with EMMA. In November 2019, the District timely posted its continuing disclosure tables for the fiscal year ending June 30, 2019, and, due to an administrative oversight, the District included audited financial statements for another governmental entity. On July 10, 2020, the District amended its November 2019 filing by replacing the erroneously filed audited financial statements with the District's audited financial statements for the fiscal year ending June 30, 2019. In connection with the refunding of the District's Sales Tax Revenue Bonds Series 2009 (the "Series 2009 Bonds") on August 27, 2020, the District failed to make a filing with EMMA concerning the defeasance of certain maturities of the Series 2009 bonds. Such bonds had been paid in full prior to the District becoming aware of its failure to file such notice. In fiscal years 2022 and 2023 the District incurred possibly material financial obligations without filing a notice with EMMA; a notice of the financial incurrences and a notice of the late filing have been made with EMMA.

Otherwise, during the last five years, the District has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

Financial Advisor:

The GMS Group, L.L.C. ("GMS") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. GMS, in its capacity as Financial Advisor, has relied on the opinions of Special Tax Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Underwriting:

The District has accepted the proposal which was tendered by Raymond James & Associates, Inc, SAMCO Capital Markets, Inc., RBC Capital Markets, LLC and Hilltop Securities Inc. (collectively the "Underwriters") to purchase the Bonds bearing the rates shown on the inside cover page of this Official Statement at a price of $____________ (representing the principal amount, plus/less a net issue premium/discount of $___________, less and Underwriter's Discount of $__________) plus accrued interest to the date of delivery, which resulted in a net effective interest rate of ____________%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing bonds into unit investment trusts) and others at prices lower than the public offering price stated on the inside cover page hereof. The initial offering price may be changed from time to time by the Underwriters. The following statement has been provided by the Underwriters. In accordance with their responsibilities under federal securities laws, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness.

Ordinary Course of Business Disclaimer

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

Miscellaneous:

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

The Resolution authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize their further use in the reoffering of the Bonds by the Underwriters.

APPENDIX A

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MONTGOMERY COUNTY, TEXAS

GENERAL INFORMATON REGARDING THE DISTRICT

The District is located 20 miles northeast of downtown Houston along U.S. Highway 59/I-69 NAFTA Corridor.

The District includes approximately one hundred fifty-eight (158) square miles located just north of the Montgomery/Harris county line, Kingwood, and the northern limits of City of Houston. The boundaries correspond closely with those of the New Caney and Splendora School Districts (except those portions within the City of Houston as it existed on January 1, 1997, and except any portion of the New Caney Independent School District, as the boundaries existed on September 1, 2001, or as they may exist in the future located in Harris County). The Cities of Splendora, Roman Forest, Woodbranch Village and Patton Village, and the unincorporated communities of Porter and New Caney are all located in the District's boundaries; however, the majority of the District consists of unincorporated areas of Montgomery County.

The District has in the past expended approximately $300,000 per year to offer direct cash incentives to companies that locate or expand within the boundaries of the District. This money has been used for workforce training, building improvements, furniture, equipment, fixtures, etc. No representation can be made as to the dollar amount that may be available to fund such program costs in future years.

Lone Star College has programs to help train potential employees and has assisted with obtaining job-training dollars from the State of Texas Smart Jobs Program. The Texas Workforce Commission also has programs to provide assistance with job advertising and pre-screening of applicants as well as job training of up to $2,000 per job through the Skills Development Fund.

The Splendora Independent School District has adopted a Freeport Exemption for businesses within the school district's boundaries. Under this program, certain personal property qualifies for an exemption from ad valorem taxation so long as it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating, as provided under Tax Code Section 11.251 of the Texas Constitution.

Education:

New Caney Independent School District serves approximately 18,987 students from pre-kindergarten through 12th grade. The school district is located along the southeastern boundary of Montgomery County, Texas in the northern suburbs of Houston, approximately 25 miles from the central business district of Houston. New Caney I.S.D. which covers approximately 60 square miles, has extensive facilities including three high schools, four middle schools, eleven elementary schools and one alternative education center. The District employs approximately 2,512 persons including 1,050 teachers. Enrollment has grown from 16,274 students in 2021 to 18,987 students in 2024.

Splendora Independent School District is located approximately 35 miles northeast of Houston on U.S. 59/I-69. Splendora I.S.D. has an enrollment of approximately 4,722 from pre-kindergarten through 12th grade with a staff of 620 including 300 teachers. School facilities include four elementary schools, one intermediate school, one junior high school, and one high school. School enrollments have increased from 4,170 students in 2021 to 4,722 students in 2024.

Lone Star College-Kingwood offers a wide variety of 2 year programs leading to Associate of Arts, Science or Applied Science degrees. The college is located on a large campus in the Kingwood community and serves 11,200 students enrolled in credit courses in 40 major disciplines with a focus on biotechnology, computer and healthcare. The Kingwood campus is part of the Lone Star College system one of the largest and fastest growing community college districts in Texas. The overall system has seven distinct colleges with ten satellite centers, two university centers, six program specific locations; and serves a student enrollment of more than 80,000 in credit classes and an additional 13,000 in continuing education. The system is the leading provider of nursing, firefighter and EMT workers in the Houston area.

Transportation:

Transportation in the area is dominated by George Bush Intercontinental Airport, two freeways, two tollways, and a mass transit system. As a result, needs stemming from business, commuting and personal travel are well served.

George Bush Intercontinental Airport is just minutes from East Montgomery County. Most local residents and businesses are only a twenty-minute or so drive from the terminal buildings. After opening in the late-1960's, Houston's major airport has grown to be one of the most active in the nation.

Port of Houston, the nation's second largest port in total tonnage, is located 25 miles south of East Montgomery County. As is the case with the airport, this Gulf Coast location is an ideal port of entry for central and southwest destinations in the United States. Automated cargo and rail car handling capabilities are featured at the Port.

Rail: Major commercial rail lines in the north Houston region include Burlington Northern and Missouri Pacific railroads. Extensive service is also provided in the Port of Houston and Galveston areas. Amtrak includes Houston in its national passenger service network. Rails run parallel to U.S. 59/I-69 which services most of East Montgomery County.

Major Thoroughfares: Two major north-south freeways are found in Montgomery County – U.S. Interstate 69 and Interstate 45. Interstate 69 is centrally located to the East Montgomery County District. In addition, just south of the area are two connecting loops around outer Houston, Beltway 8 and F.M. 1960. Hardy Tollway provides a third north-south alternative. In addition, the Grand Parkway and Tollway serves as a major local east-west highway. FM 1960 also provides good east-west access within the local area.

Park and Ride services are provided by Houston's Metropolitan Transit Authority (METRO). The Eastex Station serves the southern portion of the area, and the Kingwood Station is located to the south of the District.

Major Employers: Some of the major employers in and around the area of the District include the following

Academy Sports Goods Store
Albertson's
Brookshire Brothers
Burlington Coat Factory
Calumet / Royal Purple
Campbell Ready Mix
City of Splendora
Columbia Kingwood Medical Center
Command Tubular
Entergy
Gerland's Food Fair
H.E.B Pantry
Hallett Materials
H-E-B
Hobby Lobby
Home Depot
Home Goods
Insperity (previously Administaff)
Kennedy Fabricating/Rig Services
Kingwood College
Kroger Company
Titan Environmental USA
New Caney Beverage Inc.
Future Frame USA
Lone Star College
Lowes/CRG
Martin Marietta
Montgomery County
New Caney I.S.D.
Onyx Services
Porter Ready Mix
Randall's
Ross Stores
Royal Purple, Inc.
Saddle Creek Logistics (Lowe's Distribution Center)
Splendora I.S.D.
Sub Zero Nitrogen
Super Wal-Mart
TJ Maxx
Tractor Supply
U.S. Post Office
Varel Energy Solutions
Walmart Distribution Center #7010
Wells Fargo
Lone Star College
Levitated Metals
Multiseal Corporation
Target

Source: Lone Star College System Center for Business and Economic Development

Medical Facilities that serve residents of the District include the following:

Columbia Kingwood Medical Center
HCA Houston Healthcare
Memorial Hermann Northeast
Northeast Medical Center
Kelsey Seybold Clinic
Vytalus Medical Group

Nursing Homes:

Pine Shadows Retreat
J & C Home Care
The Heights at Valley Ranch

Source: Lone Star College System Center for Business and Economic Development

Taxable Values Within the District

The physical boundaries of the District generally encompass the boundaries of both the New Caney Independent School District and the Splendora Independent School District. (A small portion of the land located in the New Caney Independent School District is located within the City of Houston's ETJ and is not within the boundary of the District, as described under "DESCRIPTION OF THE DISTRICT".) The following tables present the total Assessed Valuation and school enrollments of those two school districts for the years 2014 – 2024 and is intended to illustrate the economic activity and property valuations of the areas which are within the District. The data is provided for informational purposes only; EMCID has no ad valorem taxing authority.

Represents the Combined Assessed Valuation Total for
New Caney Independent School District and
Splendora Independent School District

Tax Year	**Assessed Valuation**
2013	$2,923,980,707
2014	$3,202,350,077
2015	$3,681,495,573
2016	$4,165,708,554
2017	$4,574,424,561
2018	$5,120,566,492
2019	$5,648,155,970
2020	$6,334,249,805
2021	$7,142,926,791
2022	$9,332,806,723
2023	$10,073,575,152

Represents the combined historical school enrollment total for
New Caney Independent School District and
Splendora Independent School District

Tax Year	**Total Enrollment**
2013	15,040
2014	15,890
2015	16,608
2016	17,596
2017	18,563
2018	19,062
2019	19,489
2020	20,287
2021	20,444
2022	21,500
2023	22,948
2024	23,709

APPENDIX B

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MONTGOMERY COUNTY, TEXAS

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDING
JUNE 30, 2024

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

T A B L E   O F   C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Montgomery County Improvement District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Montgomery County Improvement District (the "District") as of and for the year ended June 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 the District as of June 30, 2024, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.

Board of Directors
East Montgomery County Improvement District

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 supplementary information is presented for purposes of additional analysis and is 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 supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 22, 2024

Management's discussion and analysis of the financial performance of East Montgomery County Improvement District (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the governmental-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities, deferred inflows of resources, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, sales and hotel tax receipts, economic development expenditures and administrative expenditures. The Blended Component Units-Economic Development Zones Fund accounts for sales tax receipts and economic development expenditures within the Zones. The Debt Service Fund accounts for transfers from the General Fund that are restricted for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). RSI includes the budgetary comparison schedule for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $47,945,368 as of June 30, 2024.

The table on the following page provides a comparative summary of the District's Statement of Net Position as of June 30, 2024 and June 30, 2023.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	$ 19,756,866	$ 15,338,925	$ 4,417,941
Capital Assets (Net of Depreciation)	48,065,623	41,119,302	6,946,321
Total Assets	$ 67,822,489	$ 56,458,227	$ 11,364,262
Deferred Outflows of Resources	$ 753,229	$ 803,063	$ (49,834)
Bonds Payable	$ 7,035,000	$ 7,340,000	$ 305,000
Notes Payable	6,080,740	5,461,496	(619,244)
Grants and Other Liabilities	4,804,487	1,701,866	(3,102,621)
Total Liabilities	$ 17,920,227	$ 14,503,362	$ (3,416,865)
Deferred Inflows of Resources	$ 2,710,123	$ 1,862,196	$ (847,927)
Net Position:			
Net Investment in Capital Assets	$ 36,904,341	$ 29,226,055	$ 7,678,286
Restricted	2,914,232	2,325,861	588,371
Unrestricted	8,126,795	9,343,816	(1,217,021)
Total Net Position	$ 47,945,368	$ 40,895,732	$ 7,049,636

The following table provides a comparative summary of the District's operations for the years ended June 30, 2024, and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Sales and Hotel Tax Revenues	$ 23,554,847	$ 21,581,752	$ 1,973,095
Rents, Leases, and Events	924,201	1,060,888	(136,687)
Grant and Other	349,418	463,841	(114,423)
Total Revenues	$ 24,828,466	$ 23,106,481	$ 1,721,985
Total Expenses	17,778,830	13,073,406	(4,705,424)
Change in Net Position	$ 7,049,636	$ 10,033,075	$ (2,983,439)
Net Position, Beginning of Year	40,895,732	30,862,657	10,033,075
Net Position, End of Year	$ 47,945,368	$ 40,895,732	$ 7,049,636

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2024, were $11,953,629, a decrease of $470,431 from prior year.

The General Fund fund balance decreased by $1,063,576, primarily due to sales tax revenues, hotel and motel tax revenues, rent revenues, event revenues, interest revenues and loan proceeds being less than operating, capital outlay, debt service costs and transfers out to other funds.

The Blended Component Units include the activities of the Economic Development Zone Nos. 1, 2, 3 and 4. This fund balance increased by $506,102 primarily due to sales tax revenues and transfers which exceeded current year economic development expenditures.

The Debt Service Fund fund balance increased by $81,125 primarily due to the structure of the District's outstanding debt and transfers from the General Fund.

The Capital Projects Fund fund balance increased by $5,918 due to investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were $476,291 less than budgeted revenues, actual expenditures were $4,685,721 more than budgeted expenditures, and other financing sources exceeded budgeted amounts by $2,098,436 which resulted in a negative variance of $3,063,576.

CAPITAL ASSETS

Capital assets as of June 30, 2024, total $48,065,623 (net of accumulated depreciation) and include land, buildings, equipment, and detention facilities. Current year activity included various land purchases and Atrium Center building improvements.

Capital Assets At Year-End

	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 18,984,452	$ 14,215,784	$ 4,768,668
Construction in Progress	11,465,244	11,841,454	(376,210)
Capital Assets Subject to Depreciation:			
Buildings and Equipment	21,967,430	18,852,598	3,114,832
Detention Facilities	1,383,426	1,383,426	
Less Accumulated Depreciation	(5,734,929)	(5,173,960)	(560,969)
Total Net Capital Assets	$ 48,065,623	$ 41,119,302	$ 6,946,321

LEASE RECEIVABLE

In accordance with GASB Statement No. 87, the District recorded a lease receivable for properties leased by the District. The District, as lessor, has recorded a lease receivable balance of $2,839,663 and deferred inflows of resources related to future lease revenues of $2,710,123. See the accompanying notes to the financial statements for further information.

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $7,035,000. The District's underlying rating is "AA-." The Series 2020 Refunding Bonds carry an insured rating of "AA" by S&P based on bond insurance issued by Build America Mutual Assurance Company. The changes in bonds payable during the fiscal year ended June 30, 2024, are summarized in the following table:

Bond Debt Payable, July 1, 2023	$ 7,340,000
Less: Bond Principal Paid	(305,000)
Bond Debt Payable, June 30, 2024	$ 7,035,000

The District's notes payable balance totaled $6,080,740 as of June 30, 2024. The changes in notes payable during the fiscal year ended June 30, 2024, are summarized in the following table:

Notes Payable, July 1, 2023	$ 5,461,496
Add: Notes Issued	3,729,021
Less: Note Principal Paid	(3,109,777)
Notes Payable, June 30, 2024	$ 6,080,740

The District also recorded a grant payable to Montgomery County Emergency Services District No. 7 with a balance of $871,332 as of June 30, 2024. See the accompanying notes for further disclosure.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to East Montgomery County Improvement District, 3700 Buffalo Speedway, Suite 830, Houston, TX 77098.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Blended Component Units
ASSETS		
Cash	$ 6,942,597	$ 1,516,422
Investments	1,668,110	
Receivables:		
Sales Taxes	3,718,880	3,272
Accrued Interest	6,506	
Lease Receivable, Due Within One Year		
Lease Receivable, Due After One Year		
Note Receivable, Due Within One Year		
Note Receivable, Due After One Year		
Other	113,276	593
Prepaid Costs	17,430	
Due From Other Funds	275,142	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 12,741,941	$ 1,520,287
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 12,741,941	$ 1,520,287

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 8,459,019	$	$ 8,459,019
1,728,888	111,104	3,508,102		3,508,102
		3,722,152		3,722,152
		6,506		6,506
			828,810	828,810
			2,010,853	2,010,853
			436,050	436,050
			654,075	654,075
		113,869		113,869
		17,430		17,430
		275,142	(275,142)	
			18,984,452	18,984,452
			11,465,244	11,465,244
			17,615,927	17,615,927
$ 1,728,888	$ 111,104	$ 16,102,220	$ 51,720,269	$ 67,822,489
$ -0-	$ -0-	$ -0-	$ 753,229	$ 753,229
$ 1,728,888	$ 111,104	$ 16,102,220	$ 52,473,498	$ 68,575,718

The accompanying notes to the financial
statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Blended Component Units
LIABILITIES		
Accounts Payable	$ 295,575	$ 95
Accrued Interest Payable		
Due to Other Funds		275,142
Due to Other Government Entities	3,577,779	
Long-Term Liabilities:		
Grant Payable, Due Within One Year		
Grant Payable, Due After One Year		
Notes Payable, Due Within One Year		
Notes Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 3,873,354	$ 275,237
DEFERRED INFLOWS OF RESOURCES		
Lease Revenues	$ -0-	$ -0-
FUND BALANCES		
Nonspendable: Prepaid Costs	$ 17,430	$
Restricted for Authorized Construction		
Restricted for Debt Service		
Restricted for Economic Development		1,245,050
Unassigned	8,851,157	
TOTAL FUND BALANCES	$ 8,868,587	$ 1,245,050
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 12,741,941	$ 1,520,287
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Restricted for Component Unit Activities		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 295,670	$	$ 295,670
			59,706	59,706
		275,142	(275,142)	
		3,577,779		3,577,779
			116,763	116,763
			754,569	754,569
			1,121,740	1,121,740
			4,959,000	4,959,000
			315,000	315,000
			6,720,000	6,720,000
$ -0-	$ -0-	$ 4,148,591	$ 13,771,636	$ 17,920,227
$ -0-	$ -0-	$ -0-	$ 2,710,123	$ 2,710,123
$	$	$ 17,430	$ (17,430)	$
	111,104	111,104	(111,104)	
1,728,888		1,728,888	(1,728,888)	
		1,245,050	(1,245,050)	
		8,851,157	(8,851,157)	
$ 1,728,888	$ 111,104	$ 11,953,629	$ (11,953,629)	$ - 0 -
$ 1,728,888	$ 111,104	$ 16,102,220		
			$ 36,904,341	$ 36,904,341
			1,669,182	1,669,182
			1,245,050	1,245,050
			8,126,795	8,126,795
			$ 47,945,368	$ 47,945,368

The accompanying notes to the financial statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds		$ 11,953,629
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		753,229
Note receivables are reported in the government-wide financial statements in accordance with auditing standards.		1,090,125
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		48,065,623
Leases receivable and the corresponding deferred inflows of resources are reported in the government-wide financial statements in accordance with auditing standards.		129,540
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	$ (59,706)	
Grant Payable	(871,332)	
Notes Payable	(6,080,740)	
Bonds Payable	(7,035,000)	(14,046,778)
Total Net Position - Governmental Activities		$ 47,945,368

The accompanying notes to the financial statements are an integral part of this report.

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Blended Component Units
REVENUES		
Sales Taxes	$ 21,662,478	$ 1,563,130
Hotel and Motel Taxes	329,239	
Grant Revenues	96,489	
Building Rents and Leases	951,941	
Events Revenues	240,039	
Land Sales	406,858	
Interest and Other Revenues	110,395	4,022
TOTAL REVENUES	$ 23,797,439	$ 1,567,152
EXPENDITURES/EXPENSES		
Service Operations:		
Programs:		
Community Development	$ 6,940,147	$
Economic Development	2,409,522	2,220,581
Scholarships	800,000	
Administrative:		
Professional Fees	320,839	4,699
Salaries and Benefits	1,368,833	
Advertising	129,426	
Computers and Software	154,882	
Travel and Training	281,804	
Other	380,472	4,355
Building	1,709,276	
Depreciation		
Capital Outlay	8,957,074	
Debt Service:		
Bond and Note Principal Retirements	3,109,777	
Bond and Note Interest	397,399	
TOTAL EXPENDITURES/EXPENSES	$ 26,959,451	$ 2,229,635
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ (3,162,012)	$ (662,483)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ (1,630,585)	$ 1,168,585
Loan Proceeds	3,729,021	
TOTAL OTHER FINANCING SOURCES, NET	$ 2,098,436	$ 1,168,585
NET CHANGE IN FUND BALANCES	$ (1,063,576)	$ 506,102
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2023	9,932,163	738,948
FUND BALANCES/NET POSITION - JUNE 30, 2024	$ 8,868,587	$ 1,245,050

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$	$ 23,225,608	$	$ 23,225,608
		329,239		329,239
		96,489		96,489
		951,941	(267,779)	684,162
		240,039		240,039
		406,858	(359,659)	47,199
85,380	5,933	205,730		205,730
$ 85,380	$ 5,933	$ 25,455,904	$ (627,438)	$ 24,828,466
$	$	$ 6,940,147	$ (114,334)	$ 6,825,813
		4,630,103		4,630,103
		800,000		800,000
		325,538		325,538
		1,368,833		1,368,833
		129,426		129,426
		154,882		154,882
		281,804		281,804
513	15	385,355		385,355
		1,709,276		1,709,276
			560,969	560,969
		8,957,074	(8,957,074)	
305,000		3,414,777	(3,414,777)	
160,742		558,141	48,690	606,831
$ 466,255	$ 15	$ 29,655,356	$ (11,876,526)	$ 17,778,830
$ (380,875)	$ 5,918	$ (4,199,452)	$ 11,249,088	$ 7,049,636
$ 462,000	$	$	$	$
		3,729,021	(3,729,021)	
$ 462,000	$ -0-	$ 3,729,021	$ (3,729,021)	$ -0-
$ 81,125	$ 5,918	$ (470,431)	$ 470,431	$
			7,049,636	7,049,636
1,647,763	105,186	12,424,060	28,471,672	40,895,732
$ 1,728,888	$ 111,104	$ 11,953,629	$ 35,991,739	$ 47,945,368

The accompanying notes to the financial statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Governmental Funds	$ (470,431)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(560,969)
In the Statement of Net Position, capital assets are increased by new purchases or assets conveyed to the District and reduced for assets sold or conveyed to other entities for ownership and maintenance.	8,957,074
Governmental funds report land sales as revenue. However, in the Statement of Net Position, capital assets are reduced by the sale and the Statement of Activities recognizes the gain on the sale.	(359,659)
Governmental funds report lease income as revenues. However, in the Statement of Net Position, lease principal received decreases long-term receivables and lease revenue is recognized for decreases in deferred inflows related to leases under GASB 87.	(267,779)
Deferred charges on refunded bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(49,834)
Governmental funds report principal payments on long-term debt as expenditures. However, in the Statement of Net Position, principal payments on long-term debt are reported as decreases in long-term liabilities.	3,529,111
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	1,144
Governmental funds report loan proceeds as other financing sources. Loans increase long-term liabilities in the Statement of Net Position.	(3,729,021)
Change in Net Position - Governmental Activities	$ 7,049,636

The accompanying notes to the financial statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION AND PURPOSE OF THE DISTRICT

East Montgomery County Improvement District of Montgomery County, Texas, is a government agency, body politic and corporate and political subdivision of the State of Texas, located 20 miles northeast of downtown Houston along U.S. Highway 59/I-69 in eastern Montgomery County, Texas. The District was created pursuant to special legislation, which is codified at Chapter 3846, Texas Special District Local Laws Code. The District's Board of Directors held its organizational meeting on June 24, 1997 and sold its first series of bonds in October 2000. The territory of the District is coextensive with the territory of the New Caney Independent School District and the Splendora Independent School District, as those boundaries existed on January 1, 1997, but the District does not include any portion of the City of Houston as it existed on January 1, 1997, and does not include any portion of the New Caney Independent School District as the boundaries of the District exist on or after September 1, 2001, that is located in Harris County. The District is governed by an eight-member Board of Directors and employs permanent staff, which includes a President/CEO.

The mission of the District is to promote, develop, encourage and maintain employment, commerce, economic development and public welfare in the eastern area of Montgomery County, Texas. Currently, the four main areas of focus for the District's activities are Economic Development, Community Development, Educational Development and Building Facility Ownership and Management.

In the area of Economic Development, the District is recruiting businesses to relocate to the District and utilize the local labor pool; helping existing commercial/retail/and industrial businesses to expand with a focus on diversification of activities; providing assistance in infrastructure development so that companies relocating or expanding have an easier time with utility or transportation changes that may be required; and responding to business inquiries on the facts and attributes of East Montgomery County. The District has developed and continues to expand an industrial park within the District.

Community Development activities include providing grants to non-profit organizations assisting in their outreach and service goals to the community; supporting local law enforcement and fire organization with needs outside the normal budgeted items; funding high visibility projects for the local Chamber of Commerce as well as park and beautification projects; and coordinating two festivals each year that serve local school children's needs for supplies and family activities.

The Educational Development programs have positively impacted the number of students from the District accessing college level course work. These activities include providing scholarships to high school graduates, whether graduating from New Caney ISD or Splendora ISD, private schools, or home school, for study at the college level. The District created a Scholarship Foundation to administer the scholarship program and to raise funds to establish a permanent endowment fund.

NOTE 1. CREATION AND PURPOSE OF THE DISTRICT (Continued)

The District owns and operates facilities and buildings which house the District's offices as well as offices used by other entities. These buildings are also available for special group activity events such as private business meetings, receptions and weddings. The District (along with the County) financed a public library and has plans for additional office/public facility building development in the future.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the "Commission"). The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government.

<u>Financial Statement Presentation</u>

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Asset; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

The District has four governmental funds and considers these to be major funds.

General Fund – To account for resources not required to be accounted for in another fund, sales tax receipts, hotel and motel tax receipts, economic development expenditures, and general operating expenditures.

Blended Component Units – To account for sales tax receipts and economic development expenditures within the East Montgomery County Economic Development Zone Nos. 1, 2, 3 and 4.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Debt Service Fund – To account for financial resources restricted for servicing bond debt.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The General Fund transferred $462,000 to the Debt Service Fund to provide for debt service on the outstanding bonds. The General Fund transferred $1,168,585 to the Blended Component Units to fund economic development costs. As of year end, the Blended Component Units owed the General Fund $275,142 for prior year operating advances.

Capital Assets

Capital assets, which include land, buildings, detention facilities, equipment, and vehicles, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 7 to 40 years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

Eligible District employees may participate in a 401(k) Plan. See Note 9 for more information on the retirement plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 no assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. BONDS PAYABLE

The District's bonds payable at June 30, 2024, consist of the following:

	Series 2020 Taxable Sales Tax Revenue Refunding Bonds
Amount Outstanding - June 30, 2024	$ 7,035,000
Interest Rates	1.20% - 2.87%
Maturity Dates – Serially Beginning/Ending	August 15, 2024/2039
Interest Payment Dates	August 15/ February 15
Callable Dates	August 15, 2030*

* Or any date thereafter, at the option of the District, as a whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Term bonds maturing on August 15, 2039 are subject to mandatory sinking fund redemption commencing on August 15, 2036.

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2024:

	July 1, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	$ 7,340,000	$ -0-	$ 305,000	$ 7,035,000

Amount Due Within One Year	$ 315,000
Amount Due After One Year	6,720,000
Bonds Payable, Net	$ 7,035,000

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	315,000	157,326	472,326
2026	325,000	153,243	478,243
2027	335,000	148,453	483,453
2028	350,000	142,969	492,969
2029	365,000	136,797	501,797
2030-2034	2,075,000	565,915	2,640,915
2035-2039	2,645,000	283,754	2,928,754
2040	625,000	8,969	633,969
	$ 7,035,000	$ 1,597,426	$ 8,632,426

The bond order states that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year shall continue to be provided through the life of the bonds.

The Series 2020 Refunding Bonds (the "Bonds") are payable from and secured by a lien on and pledge of 60% of the revenues derived from sales taxes levied within the District. The Debt Service Fund is to be maintained by the District as security for the payment of the Bonds. The total amount to be accumulated and maintained in the Debt Service Fund is an amount equal to the least of (1) the maximum annual debt service requirements on the Bonds, (2) 125% of the average debt service requirements on the Bonds, and (3) 10% of the stated principal amount of the Bonds then outstanding.

NOTE 4. NOTES PAYABLE

During fiscal year 2022, the District executed a note payable for the purchase of land for $600,000 which accrues interest at 4.35% with principal and interest paid in monthly installments of $4,565. The note matures on May 22, 2027, and has a current balance of $540,595.

During fiscal year 2023, the District executed a note payable to help finance the Titan Building construction for up to $3,100,000 which accrues interest at a variable rate (currently 6.715%) with principal and interest paid in monthly installments of $21,964. The note matures in June 2043 and has a current balance of $2,811,125.

During the current fiscal year, the District executed a note payable to help finance the Nichols land purchase for $1,909,021 which accrues interest at 6.715% with interest paid semi-annually and principal due upon maturity. The note matures on May 15, 2025 and has a current balance of $909,020.

During the current fiscal year, the District executed a note payable to help finance the Barfield land purchase for $1,820,000 which does not accrue interest and has four annual principal payments of $100,000 due each June 12th starting June 12, 2025 and the remaining principal due June 12, 2029. The entire note balance of $1,820,000 was outstanding as of fiscal year 2024.

The following is a summary of transactions regarding notes payable for the year ended June 30, 2024:

	July 1, 2023	Additions	Retirements	June 30, 2024
Notes Payable	$ 5,461,496	$ 3,729,021	$ 3,109,777	$ 6,080,740

Amount Due Within One Year	$ 1,121,740
Amount Due After One Year	4,959,000
Notes Payable, Net	$ 6,080,740

NOTE 4. NOTES PAYABLE (Continued)

As of June 30, 2024, the debt service requirements on the notes outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,121,740	$ 262,254	$ 1,383,994
2026	213,144	205,198	418,342
2027	661,826	196,417	858,243
2028	191,338	172,225	363,563
2029	1,518,230	165,334	1,683,564
2030-2034	604,423	713,393	1,317,816
2035-2039	848,815	469,002	1,317,817
2040-2043	921,224	134,069	1,055,293
	$ 6,080,740	$ 2,317,892	$ 8,398,632

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

The carrying values of the deposits as of June 30, 2024, are summarized in the following table:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 6,942,597	$ 470,000	$ 7,412,597
BLENDED COMPONENT UNITS	1,516,422		1,516,422
TOTAL DEPOSITS	$ 8,459,019	$ 470,000	$ 8,929,019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

At fiscal year end, the carrying amount of the District's deposits was $8,929,019 and the bank balance was $9,265,393. Of the bank balance, $735,000 was covered by the Federal Deposit Insurance Corporation and the remaining was covered by collateral held by a third party or covered under letters of credit. The District was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

Certificates of deposit are recorded at acquisition cost.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 1,198,110	$ 1,198,110
Certificates of Deposit	470,000	470,000
DEBT SERVICE FUND		
Texas CLASS	1,728,888	1,728,888
CAPITAL PROJECTS FUND		
Texas CLASS	111,104	111,104
TOTAL INVESTMENTS	$ 3,508,102	$ 3,508,102

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in Texas CLASS were rated AAAm by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year due since the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service.

All cash and investments of the Capital Projects Fund are restricted for the purchase or construction of capital assets.

All cash and investments of the Blended Component Units are restricted for economic development activities related to the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3 and 4.

NOTE 6. SALES AND USE TAX REVENUES

In September 1997, the voters of the District authorized the District's Board of Directors to levy and collect a 1% sales and use tax within the District, subject to the applicable provisions of the Texas Tax Code. In November 2009, an additional local sales and use tax of 1/2% was approved by voters. The District relies on this tax for the funding of substantially all of its programs, functions and services. A portion of the sales tax revenues are pledged for the payment of principal and interest on the District's outstanding bonds (see Note 3).

NOTE 7. DEPARTMENT OF COMMERCE GRANT

On January 22, 2018, the United States Department of Commerce's Economic Development Administration ("EDA") awarded federal assistance to the District in the amount of $1,500,000 for the design and construction of a business center building in the East Montgomery County Industrial Park. The grant pays 80% of eligible costs up to a maximum of $1,500,000. The District is responsible for the other 20% plus any amounts over the original estimated project cost of $1,875,000, or at least $375,000 in matching funds. In prior fiscal years, the District was reimbursed EDA grant monies totaling $1,253,511. In current year, the District was reimbursed EDA grant monies totaling $96,489.

NOTE 8. 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 natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements in the past three years.

NOTE 9. QUALIFIED RETIREMENT PLAN

On January 1, 2006, the District established a 401(k) plan for eligible employees. The full name of the plan is East Montgomery County Improvement District 401(k) Plan, and records are maintained on a 12-month calendar year. The Plan's administrator is the District, and contributions are held in a Trust Fund with trustees responsible for safekeeping. Eligibility requirements include completion of six months of service and attainment of the age of 21. The District makes matching contributions to the plan which are tax deferred.

NOTE 10. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 14,215,784	$ 6,218,452	$ 1,449,784	$ 18,984,452
Construction in Progress	11,841,454	2,738,622	3,114,832	11,465,244
Total Capital Assets Not Being Depreciated	$ 26,057,238	$ 8,957,074	$ 4,564,616	$ 30,449,696
Capital Assets Subject to Depreciation				
Buildings and Equipment	$ 18,852,598	$ 3,114,832	$	$ 21,967,430
Detention Facilities	1,383,426			1,383,426
Total Capital Assets Subject to Depreciation	$ 20,236,024	$ 3,114,832	$ - 0 -	$ 23,350,856
Accumulated Depreciation				
Buildings and Equipment	$ 5,078,933	$ 526,289	$	$ 5,605,222
Detention Facilities	95,027	34,680		129,707
Total Accumulated Depreciation	$ 5,173,960	$ 560,969	$ - 0 -	$ 5,734,929
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 15,062,064	$ 2,553,863	$ - 0 -	$ 17,615,927
Total Capital Assets, Net of Accumulated Depreciation	$ 41,119,302	$ 11,510,937	$ 4,564,616	$ 48,065,623

NOTE 11. LEASES RECEIVABLE

In fiscal year 2022, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments range from $23,730 to $31,640 over the course of the 60-month lease which extends through July 31, 2025, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

Lease Receivable, July 1, 2023	$ 726,375
Less: Lease Principal Received	(333,627)
Lease Receivable, June 30, 2024	$ 392,748

NOTE 11. LEASES RECEIVABLE (Continued)

Future payments to be received under the terms of the lease are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2025	$ 361,318	$ 18,362	$ 379,680
2026	31,430	210	31,640
	$ 392,748	$ 18,572	$ 411,320

The District did not recognize lease revenue during the current fiscal year on the government-wide basis which resulted in a year-end balance for deferred inflows of resources of $349,908.

In fiscal year 2023, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are $33,150 over the course of the 60-month lease which extends through February 8, 2028, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

Lease Receivable, July 1, 2023	$ 1,533,140
Less: Lease Principal Received	(285,465)
Lease Receivable, June 30, 2024	$ 1,247,675

Future payments to be received under the terms of the lease are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2025	$ 309,159	$ 88,641	$ 397,800
2026	334,819	62,981	397,800
2027	362,608	35,192	397,800
2028	241,089	6,834	247,923
	$ 1,247,675	$ 193,648	$ 1,441,323

The District recognized lease revenue of $326,981 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of $1,185,307.

In the current fiscal year, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are $12,750 over the course of the 60-month lease which extends through June 2029, and accrues interest at 8% annually.

NOTE 11. LEASES RECEIVABLE (Continued)

Changes in lease receivable during the current fiscal year are summarized in the following table:

Lease Receivable, July 1, 2023	$ - 0 -
Add: New Lease Receivable	628,810
Less: Lease Principal Received	(8,558)
Lease Receivable, June 30, 2024	$ 620,252

Future payments to be received under the terms of the lease are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2025	$ 107,256	$ 45,744	$ 153,000
2026	116,158	36,842	153,000
2027	125,799	27,201	153,000
2028	136,240	16,760	153,000
2029	134,799	5,451	140,250
	$ 620,252	$ 131,998	$ 752,250

The District recognized lease revenue of $10,480 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of $618,330.

In the current fiscal year, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are $7,963 over the course of the initial lease term of 36 months, $8,199 for the first renewal period of 36 months and $8,363 for the second renewal period of 36 months. The lease including the renewal periods extends through June 2032, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

Lease Receivable, July 1, 2023	$ - 0 -
Add: New Lease Receivable	626,150
Less: Lease Principal Received	(47,162)
Lease Receivable, June 30, 2024	$ 578,988

NOTE 11. LEASES RECEIVABLE (Continued)

Future payments to be received under the terms of the lease are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2025	$ 51,077	$ 44,476	$ 95,553
2026	55,316	40,234	95,550
2027	62,856	35,536	98,392
2028	68,073	30,319	98,392
2029	73,723	24,669	98,392
2030-2032	267,943	34,479	302,422
	$ 578,988	$ 209,713	$ 788,701

The District recognized lease revenue of $69,572 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of $556,578.

NOTE 12. NOTE RECEIVABLE

As part of a land sale by the District to GCP Paper USA, Inc. ("GCP"), the District entered into a promissory note with GCP where GCP owed the District $1,090,125 for a portion of the sale price. The note is payable in 5 annual installments of $218,025 commencing on January 31, 2024 and continuing each January 31st until the final payment which is due on January 31, 2028. The first payment was delayed and is expected to be collected in fiscal year 2025. Along with the sale of land, GCP and the District entered into a Scholarship Fund Agreement ("SFA") detailing out commitments made by GCP and the District including 1) donations owed by GCP to the East Montgomery County Scholarship Foundation; 2) GCP's commitment to complete construction of warehouse and commence operations as detailed in the SFA; 3) GCP providing District an annual allowance of paper goods starting when operations commence; and 4) the District reimbursing GCP $150,000 for workforce training expenditures within 2 years of operations commencing. As of June 30, 2024, the note receivable balance is $1,090,125, of which $436,050 is due within one year and $654,075 is due after one year.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Joint Agreement with Montgomery County Emergency Services District No. 6

The District has an agreement with Montgomery County Emergency Services District No. 6 ("ESD No. 6") whereby the District makes payments to ESD No. 6 based on sales tax collections to be used to provide expanded emergency services within its boundaries. During the current fiscal year, the District recognized $3,065,478 of expenditures related to ESD No. 6 and as of June 30, 2024, the District owed ESD No. 6 $2,367,506 related to these expenditures.

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Agreements with Montgomery County Emergency Services District No. 7

The District has an agreement with Montgomery County Emergency Services District No. 7 ("ESD No. 7") whereby the District makes payments to ESD No. 7 based on sales tax collections. ESD No. 7 uses these resources to provide expanded emergency services within its boundaries. In the current fiscal year, the District recognized $1,843,276 to ESD No. 7 and as of June 30, 2024, the District owed ESD No. 7 $1,210,273 related to these expenditures.

In a prior fiscal year, the District executed a fire truck funding agreement with ESD No. 7 whereby the District agreed to provide funding to ESD No. 7 of $1,352,790 which is to be used by ESD No. 7 to pay the principal and interest on ESD No. 7's loan for the purchase of a fire truck. The grant will be paid in 10 equal annual installments of $135,279 which includes both principal and interest accruing at 2.125%. Current year principal payments totaled $114,334 resulting in a balance due of $871,332.

The following table summarizes the remaining payments to be made under the terms of the grant:

Fiscal Year	Principal	Interest	Total
2025	$ 116,763	$ 18,516	$ 135,279
2026	119,244	16,035	135,279
2027	121,778	13,501	135,279
2028	124,366	10,913	135,279
2029-2031	389,181	16,656	405,837
	$ 871,332	$ 75,621	$ 946,953

NOTE 14. SUBSEQUENT EVENT – PENDING BOND SALE

During the fourth quarter of 2024, subsequent to the report date, the District anticipates issuing its Series 2024 Sales Tax Revenue Bonds in the approximate amount of $167,945,000. Bond proceeds will be used to finance Project planning costs, land acquisition costs, land development costs, Project construction costs, an amount to fund approximately 24 months of capitalized interest, an amount to fund a Debt Service Reserve Fund Surety Policy and amounts to pay certain costs incurred in connection with the issuance of the bonds.

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales Tax Revenues	$ 21,500,000	$ 21,662,478	$ 162,478
Hotel and Motel Tax Revenues	350,000	329,239	(20,761)
Grant Revenues		96,489	96,489
Building Rents and Leases	1,149,354	951,941	(197,413)
Event Revenues	239,000	240,039	1,039
Land Sales	1,000,000	406,858	(593,142)
Interest and Other	35,376	110,395	75,019
TOTAL REVENUES	$ 24,273,730	$ 23,797,439	$ (476,291)
EXPENDITURES			
Service Operations:			
Programs:			
Community Development:			
ESD No. 6 and ESD No. 7 Donations	$ 3,380,140	$ 5,044,034	$ (1,663,894)
Special Events	1,100,000	1,285,468	(185,468)
Projects	1,421,250	334,158	1,087,092
Grants	225,000	276,487	(51,487)
Total Community Development Expenditures	$ 6,126,390	$ 6,940,147	$ (813,757)
Economic Development	$ 3,547,070	$ 2,409,522	$ 1,137,548
Scholarships	$ 800,000	$ 800,000	$ -0-
Administrative:			
Salaries	$ 1,886,136	$ 1,368,833	$ 517,303
Computers and Software	159,667	154,882	4,785
Travel and Training	437,000	281,804	155,196
Professional Fees	395,500	320,839	74,661
Advertising	210,000	129,426	80,574
Office, Postage, and Utilities	386,450	239,030	147,420
Miscellaneous	153,600	141,442	12,158
Total Administrative Expenditures	$ 3,628,353	$ 2,636,256	$ 992,097
Building, Including Capital Outlay	$ 6,267,490	$ 10,666,350	$ (4,398,860)
Note Principal and Interest	$ 1,904,427	$ 3,507,176	$ (1,602,749)
TOTAL EXPENDITURES	$ 22,273,730	$ 26,959,451	$ (4,685,721)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,000,000	$ (3,162,012)	$ (5,162,012)
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	$	$ 3,729,021	$ 3,729,021
Transfers Out		(1,630,585)	(1,630,585)
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 2,098,436	$ 2,098,436
NET CHANGE IN FUND BALANCE	$ 2,000,000	$ (1,063,576)	$ (3,063,576)
FUND BALANCE - JULY 1, 2023	9,932,163	9,932,163	
FUND BALANCE - JUNE 30, 2024	$ 11,932,163	$ 8,868,587	$ (3,063,576)

See accompanying independent auditor's report.

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Sales Taxes	$ 21,662,478	$ 19,892,239	$ 18,254,192
Hotel and Motel Taxes	329,239	280,134	352,358
Grant Revenues	96,489		1,137,281
Building Rents and Leases	951,941	540,231	175,528
Event Revenues	240,039	161,880	383,922
Land Sales	406,858		759,609
Interest and Other Revenues	110,395	401,441	361,467
TOTAL REVENUES	$ 23,797,439	$ 21,275,925	$ 21,424,357
EXPENDITURES			
Programs	$ 10,149,669	$ 5,319,373	$ 7,332,355
Administrative	2,636,256	2,893,062	2,530,342
Building	1,709,276	1,741,203	1,131,253
Capital Outlay	8,957,074	7,385,098	13,276,136
Debt Service	3,507,176	1,932,298	146,741
TOTAL EXPENDITURES	$ 26,959,451	$ 19,271,034	$ 24,416,827
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (3,162,012)	$ 2,004,891	$ (2,992,470)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ (1,630,585)	$ (952,307)	$ (1,826,943)
Loan Proceeds	3,729,021	2,872,193	4,241,300
Reimbursements from Government Entities			394,668
TOTAL OTHER FINANCING SOURCES (USES)	$ 2,098,436	$ 1,919,886	$ 2,809,025
NET CHANGE IN FUND BALANCE	$ (1,063,576)	$ 3,924,777	$ (183,445)
BEGINNING FUND BALANCE	9,932,163	6,007,386	6,190,831
ENDING FUND BALANCE	$ 8,868,587	$ 9,932,163	$ 6,007,386

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
$ 15,669,095	$ 13,515,164	91.0 %	93.5 %	85.3 %	80.7 %	92.4 %
201,786	181,522	1.4	1.3	1.6	1.0	1.2
286,721		0.4		5.3	1.5	
293,566	239,580	4.0	2.5	0.8	1.5	1.6
284,361	125,765	1.0	0.8	1.8	1.5	0.9
2,644,434	203,710	1.7		3.5	13.6	1.4
45,455	369,909	0.5	1.9	1.7	0.2	2.5
$ 19,425,418	$ 14,635,650	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 7,482,221	$ 8,071,677	42.8 %	25.0 %	34.2 %	38.5 %	55.2 %
2,496,916	2,176,749	11.2	13.6	11.8	12.9	14.9
874,263	613,803	7.2	8.2	5.3	4.5	4.2
6,912,260	2,694,852	37.6	34.7	62.0	35.6	18.4
2,475,131	6,361	14.7	9.1	0.7	12.7	
$ 20,240,791	$ 13,563,442	113.5 %	90.6 %	114.0 %	104.2 %	92.7 %
$ (815,373)	$ 1,072,208	(13.5) %	9.4 %	(14.0) %	(4.2) %	7.3 %
$ 387,500	$ (385,408)					
1,366,256						
$ 1,753,756	$ (385,408)					
$ 938,383	$ 686,800					
5,252,448	4,565,648					
$ 6,190,831	$ 5,252,448					

See accompanying independent auditor’s report.

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

(To be included in the Final Official Statement)