OFFICIAL STATEMENT
DATED JULY 20, 2021

NEW ISSUE: BOOK-ENTRY-ONLY

Rating: S&P: "AA+"
(See "RATING" herein.)

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE WOODLANDS TOWNSHIP. IN THE OPINION OF SPECIAL TAX COUNSEL, UNDER EXISTING LAW INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE, AS AMENDED, AND INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED AS TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$7,275,000

THE WOODLANDS TOWNSHIP UNLIMITED TAX REFUNDING BONDS SERIES 2021

Dated Date: August 1, 2021
Interest Accrual Date: Date of Delivery

Due: March 1, as shown on the inside cover page

The bonds described above (the "Bonds") are issued pursuant to a Bond Order by The Woodlands Township (the "Township"), a political subdivision of the State of Texas situated in Montgomery and Harris Counties, to refund portions of the Township's outstanding Unlimited Tax Bonds, Series 2011 and Unlimited Tax Bonds, Series 2012, and to pay Bond issuance expenses. The Township is authorized to issue the Bonds pursuant to Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as amended (the "Enabling Act"), Chapter 1207, Texas Government Code, as amended, City of Houston Ordinance No. 97-416 and an election held on November 3, 2009. The Bonds, when issued, will constitute valid and legally binding obligations of the Township, payable from the proceeds of an annual ad valorem tax, without legal limit as to rate to amount, levied on all taxable property within the Township. The Bonds are obligations solely of the Township and are not obligations of the State of Texas, Montgomery County, Harris County, or any entity other than the Township.

Principal of the Bonds is payable at maturity or earlier redemption at the principal corporate trust office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment. Interest on the Bonds accrues from date of delivery, and is payable each March 1 and September 1, commencing March 1, 2022, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown on the inside cover of this Official Statement.

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

SEE INSIDE COVER PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS FOR THE BONDS

The Bonds are offered when, as and if issued by the Township, subject, among other things, to the approval of the Bonds by the Attorney General of the State of Texas, and the approval of certain legal matters by Bond Counsel, Schwartz, Page & Harding, L.L.P., Houston, Texas, and Special Tax Counsel, Bracewell LLP, Houston, Texas. The Bonds are expected to be available for delivery in book-entry form through DTC on or about August 17, 2021.

MATURITY AND PRICING SCHEDULE

$7,275,000

THE WOODLANDS TOWNSHIP
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

Maturity Date (March 1)	Principal Amount		Interest Rate	Reoffering Yield	CUSIP(a)
2022	$ 495,000		1.00%	0.20%	97969Q CZ8
2023	665,000		2.00%	0.18%	97969Q DA2
2024	670,000		2.00%	0.26%	97969Q DB0
2025	660,000		4.00%	0.39%	97969Q DC8
2026	670,000		4.00%	0.53%	97969Q DD6
2027	680,000		4.00%	0.64%	97969Q DE4
2028	685,000		4.00%	0.77%	97969Q DF1
2029	685,000		4.00%	0.89%	97969Q DG9
2030	695,000		4.00%	0.98%	97969Q DH7
2031	670,000		4.00%	1.04%	97969Q DJ3
2032	700,000	(b)	3.00%	1.20%	97969Q DK0

____

(a) CUSIP Numbers have been assigned to the Bonds by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the Township, the Financial Advisor nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(b) The Township reserves the right, at its option, to redeem Bonds having stated maturity on March 1, 2032, in whole or from time to time in part, in principal amounts of $5,000, or any integral multiple thereof, on March 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

MANAGEMENT AND ORGANIZATION OF THE TOWNSHIP

The Woodlands Township Board of Directors

Director's Name	Position	Occupation	Term Expires
Gordy Bunch	Chairman	President & CEO, The Woodlands Financial Group	11/22
Bruce Rieser	Vice-Chairman	CEO, SKR Consulting, LLC	11/22
Dr. Shelley Sekula-Gibbs	Secretary	Retired	11/21
John Anthony Brown	Treasurer	Facilities Supervisor, Huntsman International	11/22
Jason J. Nelson	Director	Pastor, Rose Hill United Methodist Church	11/22
Dr. Ann K. Snyder	Director	Retired	11/21
Bob Milner	Director	Professor, Sam Houston State Univesrity	11/21

The Woodlands Township Staff

Employee Name	Position	Date of Hire
Jeff Jones	President/General Manager	8/31/2020
Monique Sharp	Assistant General Manager - Finance & Administration	8/17/1992
John Powers	Assistant General Manager - Community Services	7/1/1998
Karen Dempsey	Assistant to the President	8/31/1998
Palmer Buck	Fire Chief	12/2/2019
Denise Konate	Manager of Human Resources	2/22/2016
Nick Wolda	Director of Community Relations - Convention & Visitors Bureau President	11/16/1999
Todd Stephens	Intergovernmental Relations Manager	12/29/2017

Consultants and Advisors

Bond Counsel .... Schwartz, Page & Harding, L.L.P

Financial Advisor.. Masterson Advisors LLC

Special Tax Counsel .... Bracewell LLP

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The registration or qualification of the Bonds in accordance with applicable provisions of securities law of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

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

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the office of The Woodlands Township, 2801 Technology Forest Blvd., The Woodlands, TX 77381.

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

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the

$7,275,000

THE WOODLANDS TOWNSHIP
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished in connection with the offering by The Woodlands Township, a political subdivision of the State of Texas, situated in Montgomery and Harris Counties (the "Township"), of its Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds"), in the aggregate principal amount of $7,275,000. The Bonds are being issued to refund portions of the outstanding Unlimited Tax Bonds, Series 2011 and Unlimited Tax Bonds, Series 2012 (the "Refunded Bonds") and to pay the issuance expenses of the Bonds.

The Bonds are issued pursuant to the general laws of the State of Texas, including particularly, Chapter 1207 of the Texas Government Code, as amended, the Enabling Act, City of Houston Ordinance No. 97-416, and the order of the Board of Directors of the Township authorizing the issuance of the Bonds (the "Bond Order").

The Bonds, when issued, will constitute valid and legally binding obligations of the Township, payable from the proceeds of an annual ad valorem tax, without limitation as to rate or amount, on all taxable property located within the Township (See "SECURITY FOR THE BONDS").

Following in this Official Statement are descriptions of the Bonds and certain information regarding the Township 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 upon request and payment of reproduction costs at the office of The Woodlands Township, 2801 Technology Forest Blvd., The Woodlands, TX 77381.

THE WOODLANDS TOWNSHIP

General

The Woodlands Township is the successor by name change to the former Town Center Improvement District of Montgomery County, Texas, a political subdivision of the State of Texas created, established and operating pursuant to the Enabling Act. Furthermore, pursuant to a Transition Agreement (hereinafter defined) and the execution of subsequent conveyance and assignment documents which effectively transferred certain assets, liabilities and functions, The Woodlands Township is successor by assignment to The Woodlands Association, Inc., The Woodlands Commercial Owners Association, Inc., The Woodlands Community Association, Inc., The Woodlands Community Service Corporation, The Woodlands Recreation Center, Inc. and certain assets of The Woodlands Fire Department, Inc.

Transition of Local Government

As originally organized, the Township was created to provide improvement projects, services and facilities to promote, encourage and maintain employment, commerce, economic development and the public welfare within the Town Center area of the 28,000-acre development known as The Woodlands. In particular, the Township's services, programs and facilities were focused on public safety and economic development within The Woodlands Town Center and the adjacent impacted areas.

Until November 16, 2007, the Township contained less than 1,000 acres of territory in the central business core of The Woodlands, generally bounded on the south by Woodlands Parkway, on the east by Interstate Highway 45, on the north by State Highway 242 and on the west by Grogan's Mill Road. The balance of approximately 27,000 acres of The Woodlands, consisting of residential villages, village shopping centers, educational and institutional facilities, service and retail outlets, and parks, recreational facilities and open spaces, were situated adjacent to, but outside of, the boundaries of the Township in both Montgomery and Harris Counties. Substantially all of The Woodlands is unincorporated and situated within the exclusive extraterritorial jurisdiction of the City of Houston, Texas. The remaining unincorporated portion of approximately 800 acres is situated within the exclusive extraterritorial jurisdiction of the City of Conroe, Texas. As such, substantially all of The Woodlands, including the Town Center area, was subject to the general annexation powers of such municipalities.

Following a lengthy review and public discussion of future governance options for The Woodlands, a community consensus was developed in 2006 that The Woodlands should ultimately be released from the extraterritorial jurisdictions of both municipalities and no longer be subject to annexation by such municipalities; that The Woodlands should be afforded an opportunity for self-determination of its future form of local government; and that in consideration for the release by such municipalities from their respective jurisdictions of the territory of The Woodlands in the future, regional participation agreements (RPAs) should be concluded between The Woodlands and the City of Houston and the City of Conroe providing for such release and requiring The Woodlands to financially contribute to regional improvement projects of mutual benefit to The Woodlands and to the City of Houston and the City of Conroe. Pursuant to the authority of Section 42.0751, Texas Local Government Code (the "RPA Act"), the Township, on behalf of the entirety of The Woodlands, entered into the RPAs with the City of Houston and the City of Conroe pursuant to which the unincorporated portions of The Woodlands situated within the exclusive extraterritorial jurisdiction of each municipality would be released, upon request of the Township, from such jurisdictions on or after May 29, 2014, and, for a period of fifty (50) years following the effective date of the RPAs, such territory could not be annexed by either the City of Houston or the City of Conroe without the consent and agreement of the Township.

Pursuant to further amendments made to the Enabling Act in 2007, the Township was authorized to call an election to be held on November 6, 2007, within the boundaries of the entire unincorporated area of The Woodlands to determine whether the boundaries of the Township should be expanded to include all of such territory, to establish the effective date of the RPAs as of November 16, 2007, to give effect to the change of name of the Township to The Woodlands Township, to authorize the imposition of the Township's previously approved Sales Tax and Base Hotel Occupancy Tax within the expanded boundaries of the Township, and to authorize the imposition and collection of an ad valorem tax, without limit as to rate or amount, throughout the expanded boundaries of the Township. On November 16, 2007, the results of such election were declared to have resulted overwhelmingly in favor of such propositions.

All public facilities and services not provided by the Township, and not required by law to be provided by the State of Texas, Montgomery County, Harris County, Conroe Independent School District, Magnolia Independent School District, or Tomball Independent School District, were previously provided and funded by three community associations in The Woodlands through the imposition and collection of ad valorem property assessments. Pursuant to the authority of the 2007 legislative amendments to the Enabling Act, on February 1, 2008, the Township entered into an agreement (the "Transition Agreement") with all of the community associations and their affiliated service companies to consolidate the assets, liabilities, functions, facilities, and services of such organizations into the Township. In order to accomplish a seamless consolidation of the functions and services provided by the community associations into a single, community-wide governmental organization, the Transition Agreement was subsequently amended to accelerate the transition and consolidation of services effective January 1, 2010. As a result, the operations of the existing community associations were curtailed on December 31, 2009. In furtherance of the objectives of the Transition Agreement, an election was held in May 2010 whereby the Board of Directors of the Township was reduced from eleven (11) appointed and elected members to seven (7) members elected at-large by all eligible voters of the Township.

Programs and Services

The provision of community services within the Township is currently funded by an ad valorem tax, sales and use tax, hotel occupancy tax, and other program revenues. Services include economic development programs, supplemental law enforcement, covenant enforcement, parks and recreation programs, waste management, streetscape maintenance, environmental services, neighborhood services, community relations, and capital improvements. In addition, services provided by The Woodlands Fire Department and The Woodlands Convention and Visitors Bureau are fully or partially funded by the Township.

On September 10, 2020, the Township adopted its operating, debt and capital budget for the 2021 calendar year and a 2020 ad valorem tax rate of \$0.2231 per \$100 of assessed value. The Township's total assessed value is approximately \$21.1 billion, and the adopted rate resulted in a levy of approximately \$47 million. As of April 30, 2021, 97.98% of the 2020 property tax levy had been collected.

In addition to property taxes, the Township's other principal sources of revenue are a 1% general sales and use tax, a general hotel occupancy tax of 7% of taxable room revenue, a supplemental hotel occupancy tax of 2% of taxable room revenue, and the proceeds received from 1% general sales and use tax by The Woodlands Township Economic Development Zone, which is discussed herein. The Township has one series of bonds outstanding secured by a portion of these revenue streams (i.e. bonds not secured by ad valorem tax revenues). (See "TABLE 10 – OTHER OBLIGATIONS – Sales Tax and Hotel Occupancy Tax Revenue Bonds").

Legislative Amendments

The Township's Enabling Act was amended in the 81st Texas Legislature, Regular Session, 2009 to provide additional powers and authority relating to tax abatement agreements, the provision of community services, overlapping boundaries, certain administrative powers, an event admissions tax, the Supplemental Hotel Occupancy Tax, governance matters for the Township's Board of Directors and EDZ, amendments to debt issuance provisions, and ratification of certain governmental acts and proceedings of the Township. The Township's Enabling Act was further amended in the 84th Texas Legislature, Regular Session, 2015, to provide additional powers and authority relating to transportation projects, facilities, programs and services, and certain administrative powers, and again in the 85th Texas Legislature, Regular Session, 2017, to provide certain procedural powers relative to the calling of an election on the question of the incorporation of The Woodlands, and, if approved, the transition from the Township to a municipal form of government.

The Woodlands Township Economic Development Zone

Pursuant to Section 11C of the Enabling Act, the Township has created and established over all of the boundaries of the Township a separate political subdivision known and designated as The Woodlands Township Economic Development Zone (the "EDZ"). Pursuant to the Enabling Act and a previous election within the Township, the EDZ is authorized to impose and collect a local sales and use tax of up to one percent (1%) and has entered into an interlocal agreement with the Township to remit the proceeds of such collections to the Township for the continuing funding of public services and facilities essential to the economic development and health of the Township, including fire and emergency medical services. Sales and use tax revenues of the EDZ are not pledged, in whole or in part, to any of the Township's bonds. The governing body of the EDZ is appointed by the Board of Directors of the Township, and presently all members of the Board of Directors of the Township serve in an ex-officio capacity as members of the governing body of the EDZ. The duration of the EDZ is unlimited, and in the agreement between the EDZ and the Township, the EDZ has covenanted and agreed that such one percent (1%) sales and use tax will be continued in effect at such rate indefinitely.

Bond Election and Outstanding Bonds

Pursuant to the November 3, 2009 bond election (the "Election"), voters authorized the Board of Directors of the Township to issue unlimited tax bonds in connection with the passage and adoption of three propositions. Proposition I passed with 75% voter approval and authorized $17,335,000 in bonds for the construction of three fire stations and the purchase of firefighting equipment. Proposition II passed with 67% voter approval and authorized $12,380,000 in bonds for the construction of parks and pathway improvements and equipment. Proposition III passed with 74% voter approval and authorized $20,225,000 in bonds for the refinancing of certain obligations assumed from the former community associations. Pursuant to such Election, the Township has previously issued its $34,800,000 Unlimited Tax Bonds, Series 2010, $9,900,000 Unlimited Tax Bonds, Series 2011, $4,205,000 Unlimited Tax Bonds, Series 2012 and $20,880,000 Unlimited Tax Refunding Bonds, Series 2019, of which $25,910,000 is currently outstanding (collectively the "Outstanding Bonds"). All of the Outstanding Series 2011 Bonds will be refunded by the Bonds. $17,780,000 of the Series 2012 Bonds and the Series 2019 Refunding Bonds will remain outstanding after issuance of the Bonds ("the Remaining Outstanding Bonds").

THE WOODLANDS

General

The Woodlands is an established community approximately 27 miles north of downtown Houston. Located within a 28,000-acre tract of densely forested land, the community is generally situated adjacent to and west of Interstate Highway 45, south of FM 1488, and along Spring Creek, the boundary line between Montgomery and Harris Counties. Additional acreage, known as The Woodlands Trade Center ("Trade Center"), is adjacent to and east of Interstate Highway 45 between Texas State Highway 242 and FM 1488. The current population of the Woodlands is estimated at 120,100.

Formal opening of The Woodlands occurred in October 1974. Substantial development has occurred in the Village of Grogan's Mill, the Village of Panther Creek, the Village of Cochran's Crossing, the Village of Indian Springs, the Village of Alden Bridge, Carlton Woods, the Village of Sterling Ridge, and College Park, which are eight of the nine residential villages planned for The Woodlands; parts of the Town Center, Research Forest and College Park; and the Trade Center. The ninth residential village, Creekside Park, is currently undergoing commercial development. Residential development in Creekside Park is substantially complete.

Infectious Disease Outlook (COVID-19)

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment except in counties with an "area with high hospitalizations" where a county judge may impose COVID-19 related mitigation strategies. Harris County and Montgomery County are not currently "areas with high hospitalizations." The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the decrease in the number of active COVID-19 cases and the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The Township has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the Township cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Access and Circulation

Primary access to The Woodlands is provided by Interstate Highway 45, an eight lane limited access highway running in a north/south direction. The Woodlands has direct access by way of five freeway intersections, Woodlands Parkway, Rayford- Sawdust Road, Lake Woodlands Drive, Research Forest Drive (Tamina Road) and College Park Drive (Texas State Highway 242). Additional access between The Woodlands and downtown Houston and the Houston Intercontinental Airport is provided by the Hardy Toll Road, which is owned and operated by the Harris County Toll Road Authority. An alternate access is provided from the FM 1960 area to The Woodlands via Kuykendahl Road in the westernmost portions of The Woodlands. Texas State Highway 242, a major east-west artery, connects U.S. 59, in southeast Montgomery County, to Interstate 45 and FM 1488, in the northern portion of The Woodlands.

The internal circulation system within The Woodlands, designed to enhance and preserve the community's natural surroundings, includes arterials, collector and local streets; bicycle paths; and pedestrian walkways.

Education

The Woodlands is served by three school districts; Conroe Independent School District, Tomball Independent School District and Magnolia Independent School District, along with numerous secular and religiously affiliated private institutions, including the college preparatory John Cooper School and the Woodlands Christian Academy. The public schools in The Woodlands have been recognized for educational excellence by the Texas Education Agency (TEA) and the National Blue Ribbon Schools.

2017 Hurricane Harvey

The Houston area sustained widespread rain damage and flooding as a result of Hurricane Harvey’s landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The Township is located approximately 83 miles from the Texas Gulf Coast. Accordingly, like other coastal areas, land located in the Township is susceptible to hurricanes, tropical storms, and other tropical disturbances. A portion of the land within the Township experienced flooding during Hurricane Harvey.

Higher Education

Part of the Lone Star College System, Lone Star College - Montgomery is located on a 100-acre campus within the campus and offers two-year associate degrees and academic transfer courses, as well as certificates in over 30 career programs.

Located adjacent to the Lone Star College - Montgomery campus, the Lone Star College - University Center is a partnership of six Texas universities and the Lone Star College System that offers bachelor's and master's degrees. The Lone Star College - University Center offers upper-level undergraduate and graduate courses, leading to 30 bachelor's degrees and 33 master's degrees. The participating universities are University of Houston, University of Houston-Downtown, Texas A&M University, Texas Southern University, Sam Houston State University, and Prairie View A&M University.

Enrollment at these institutions totals approximately 25,000 students.

Commercial, Industrial and Technology Development

Substantially all of The Woodlands is located within the boundaries of the Township. The following information provided by The Woodlands Development Company, L.P. summarizes the current population and status of development of The Woodlands as of December 31, 2020.

Commercial/Industrial	(square footage)
Retail/Hospitality/ General Commercial	11.6 million
Office	12.4 million
Industrial/Technical	3.4 million
Institutional	8.8 million
Total Non-Residential	36.2 million
Residential	
Homes	38,570
Apartments	9,350
Total Units	47,920
Other	
Employers	2,140
Employees	66,165
Pathways	220 miles
Parks	148
2010 Census Population	97,023

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used to (i) currently refund a portion of the Outstanding Bonds of the Township as described in Schedule A hereto (the "Refunded Bonds"), and (ii) to pay the costs incurred in connection with the issuance of the Bonds (see "Sources and Uses of Bond Proceeds"). See Schedule A for a detailed listing of the Refunded Bonds and their respective call dates and redemption prices.

Refunded Bonds

The principal of and interest due on the Refunded Bonds are to be paid on the redemption date of such Refunded Bonds. The Bond Order provides that from the proceeds of the sale of the Bonds received from the Initial Purchaser, the Township will deposit with the Escrow Agent for the Refunded Bonds the amount necessary to accomplish the discharge of the Refunded Bonds.

Defeasance of the Refunded Bonds

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the Township will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolution authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

Sources and Uses of Bond Proceeds

Par Amount	$	7,275,000.00
Original Issue Premium		1,122,331.35
Total Sources of Funds	$	8,397,331.35
Deposit to Escrow Fund	$	8,240,149.26
Costs of Issuance		117,664.82
Underwriter's Discount		39,517.27
Total Uses of Funds	$	8,397,331.35

DESCRIPTION OF THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order 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 Township.

The Bonds will be issued in the original principal amount of $7,275,000 and will be issued, in denominations of $5,000 principal amount, or any integral multiple thereof.

The Bonds will be dated August 1, 2021 and will bear interest from the Delivery Date at the fixed interest rates shown on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing March 1, 2022. The Bonds will mature on the dates and in the principal amounts shown on the inside cover page hereto.

The Bonds will mature on their stated dates unless redeemed prior to such dates, as described herein. For as long as the Bonds are book-entry bonds, as described below under "Book-Entry-Only System," payment of the principal of, premium, if any, and interest on such Bonds shall be made and given in accordance with DTC's operational arrangements. If in the future the Bonds cease to be book-entry bonds, the principal of any Bond will be payable, on presentation and surrender of such Bond, in lawful money of the United States of America, without exchange or collection charges to the registered owner of such Bond, at the principal payment office of the Paying Agent/Registrar for the Bonds. All interest accruing prior to maturity on any Bond that ceases to be a book-entry bond shall be paid by check or draft mailed to the registered holder of such Bond at its address as it appears on the registration books of the Paying Agent/Registrar.

Authority for Issuance

The Bonds are issued pursuant to a Bond Order by the Township, a political subdivision of the State of Texas situated in Montgomery and Harris Counties, to refund portions of the Township's outstanding Unlimited Tax Bonds Series, 2011 and Unlimited Tax Bonds, Series 2012, and to pay Bond issuance expenses. The Township is authorized to issue the Bonds pursuant to Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993, as amended (the "Enabling Act"), Chapter 1207, Texas Government Code, as amended, City of Houston Ordinance No. 97-416, and an election held on November 3, 2009 (the "Election"). The Bonds, when issued, will constitute valid and legally binding obligations of the Township, payable from the proceeds of an annual ad valorem tax, without legal limit as to rate to amount, levied on all taxable property within the Township. The Bonds are obligations solely of the Township and are not obligations of the State of Texas, Montgomery County, Harris County, or any entity other than the Township.

Defeasance

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

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

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

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities 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 Township will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the Township.

Transfer & Exchange

Except as described below under "Book-Entry-Only System," the Bonds shall be transferable only upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar, acting in its capacity as bond registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered owner or his authorized representative in a form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, a new Bond or Bonds registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing or accruing interest at the same rate as the Bond or the Bonds so presented and surrendered. The Paying Agent/Registrar may require the registered owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond and any legal or unusual costs regarding transfers and exchanges of Bonds.

Ownership

The Township, the Paying Agent/Registrar, and any other person may treat the person in whose name any Bond is registered as the absolute registered owner of such Bond for the purpose of making payment of the principal and premium, if any, on such Bond, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the holder of such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the Township nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the holder of any Bond in accordance with the applicable provisions of the Bond Order shall be valid and effectual and shall discharge the liability of the Township and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Paying Agent/Registrar

The Bank of New York Mellon Trust Company, N.A. is the initial Paying Agent/Registrar (the "Paying Agent/Registrar") for the Bonds. Principal of the Bonds is payable upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Interest on the Bonds will be payable by check dated as of the applicable Interest Payment Date, and mailed to the registered owners shown on the respective registration books for the Bonds (the "Register") maintained by the Paying Agent/Registrar on the close of business on the 15th day of the calendar month immediately preceding the applicable Interest Payment Date (the "Record Date"). Any accrued interest payable at maturity or redemption of the Bonds will be paid upon presentation and surrender of such Bonds at the principal corporate trust office of the Paying Agent/Registrar in Dallas, Texas.

In the Bond Order, the Township retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Township, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the Township, in its sole discretion, shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of 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 with the United States Securities and Exchange Commission.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book- Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Township and the Financial Advisor believe the source of such information to be reliable, but neither of the Township or the Financial Advisor take any responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings' rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township 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 Township 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 Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township 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 Township or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

Record Date

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

Optional Redemption

The Township reserves the right, at its option, to redeem Bonds having stated maturity on March 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the Township. If less than all the Serial Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Serial Bonds are in Book-Entry-Only form) shall determine by lot 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, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption

Not less than thirty (30) days prior to the date fixed for any optional redemption, the Township shall cause a written notice of such redemption to be sent to the registered owner of each Bond being called for optional redemption by depositing such notice in the United States mail, first class postage prepaid, addressed to each such registered owner at his address shown on the registration books of the Paying Agent/Registrar. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given, the Bonds called for optional redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the Township:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

SECURITY FOR THE BONDS

Security and Source of Payment

Pursuant to the November 7, 2007 election and the Election, the Bonds, together with the Remaining Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the Township. The Bonds are obligations solely of the Township and are not obligations of Montgomery County, Harris County, the State of Texas, or any political subdivision or entity other than the Township.

Collection of Taxes

In the Bond Order, the Township covenants to levy a sufficient ad valorem tax to pay the Bonds and the Remaining Outstanding Bonds, and to use all appropriate means to timely collect its ad valorem taxes, but in the event of delinquencies of more than 180 days, the Township agrees to promptly pursue all necessary legal actions, including the filing of suit and tax liens, the levy and execution of judgments and the foreclosure and sale of lien properties, as necessary to achieve a collection rate of at least 95% by the one-year anniversary date of such delinquencies. So long as the Township is not in default on the Bonds, the failure to achieve such collection rate is not a performance default under the Bond Order.

Registered Owners Remedies

If the Township defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the Township and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

Statutory language authorizing local governments such as the Township to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislative, a default by the Township in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the Township for money damages could be obtained, it could not be enforced by direct levy and execution against the Township's property. Further, the registered owners cannot themselves foreclose on property within the Township or sell property within the Township to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the Township.

Bankruptcy Limitation to Registered Owners’ Rights

The enforceability of the rights and remedies of Registered Owners 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 Township. The Township could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision whether to grant the petitioning political subdivision relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owner’s claim.

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

The Township may not be placed into bankruptcy involuntarily.

TAX INFORMATION

Ad Valorem Tax Law

The appraisal of property within the Township is the responsibility of the Montgomery County Appraisal District and the Harris County Appraisal District (the “Appraisal Districts”). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under the Texas Property Tax Code to appraise all property within the Appraisal Districts on the basis of 100% of its market value and are prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the Appraisal District is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within each Appraisal District is subject to review by Appraisal Review Boards, consisting of members appointed by the Board of Directors of each Appraisal District. Each Appraisal District is required to review the value of property within the Appraisal District at least every three years. The Township may require annual review at its own expense, and under some circumstances is entitled to challenge the determination of appraised value of property within the Township by petition filed with the appropriate Appraisal Review Board.

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

Reference is made to the V.T.C.A., Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution (“Article VIII”) and Texas law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation. Certain exemptions that are or may become applicable to the Township are described below.

Under Section 1-b, Article VIII, and Texas law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older or the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (2) an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000. In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Texas law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property, with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000. A disabled veteran who receives from the United States Department of Veterans Affairs, or its successor, 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran’s residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open- space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication and transport outside of Texas.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of “goods in transit.” “Goods in transit” is defined by a provision in the Tax Code as certain personal property acquired or imported into Texas, stored in Texas in a public warehouse and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas and other petroleum products. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods in transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods in transit exemptions for items of personal property.

The Township may enter into tax abatement agreements to encourage economic development on terms identical to the tax abatement agreements approved by Montgomery County. Under the agreements, a property owner agrees to construct certain improvements on its property. The Township in turn agrees the increased value attributable to the improvements will be abated for ad valorem tax purposes to the extent and for the term provided in the agreement. The abatement agreement could last for a period of up to 10 years. See “Tax Abatement Policy” and Table 1.

Effective Tax Rate and Rollback Tax Rate

By each September 1, or as soon thereafter as practicable, the Township adopts a tax rate per $100 taxable value for the current year. The Township will be required to adopt the annual tax rate for the Township before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the Township except that the Township must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date that occurs in November of that year. If the Township does not adopt a tax rate by such required date, the tax rate for that tax year is the lower of the no-new-revenue tax rate calculated for that tax year or the tax rate adopted by the Township for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service. In September 2020, the Township Board adopted a maintenance and operation tax rate at $0.2080 per $100 of taxable valuation and a debt service tax rate of $0.0151 per $100 of taxable valuation.

Under the Property Tax Code, the Township must annually calculate and publicize its “no-new-revenue tax rate” and “voter-approval tax rate”. A tax rate cannot be adopted by the Township that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until a public hearing has been held on the proposed tax rate following notice of such public hearings (including the requirements that notice be posted on the Township’s website if the Township owns, operates or controls an internet website and that public notice be given by television if the Township has free access to a television channel) and the Township has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the voter-approval tax rate, the Township is required to hold an election for voters to determine whether or not to reduce the tax rate adopted for the current year to the voter-approval tax rate.

“No-new-revenue tax rate” means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). “Adjusted” means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

During the 86th Regular Legislative Session, Senate Bill 2 was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. For the 2020 tax year, "voter-approval tax rate" means a rate that would impose 1.035 times the amount of the total tax imposed by the Township in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the Township, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code. In addition, if any part of the Township lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. In such a case, the voter-approval tax rate of the Township means the rate that would impose 1.08 times the amount of the total tax imposed by the Township in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the Township, subject to certain homestead exemptions.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

According to Township management, the 2020 tax rate adopted by the Township Board complied with such requirements and did not exceed the voter-approval tax rate.

Property Assessment and Tax Payment

Property within the Township is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due upon receipt of a bill therefor of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older, under a disability for purposes of payment of disability insurance payments under federal law, or that qualify as a disabled veteran under Texas law, are permitted by Texas law to pay taxes on homesteads in four installments, with the first due on February 1 of each year and the final installment due on August 1, or to elect to defer tax payment with continuing interest, until death, sale of the taxed property or cessation of the residence homestead status of the taxed property. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the Township to pay such taxes in installments over a period of between 12 and 36 months (as determined by the Township) when such person has not entered into another installment agreement with respect to delinquent taxes with the Township in the preceding 24 months.

The Township has contracted with the Montgomery County Tax Assessor/Collector to administer and collect the Township's property taxes including mailing tax statements and notices, processing payments/refunds, pursuing collections of delinquent accounts and responding to taxpayer inquiries.

Penalties and Interest

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty is fixed at 12%, and interest continues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total tax, penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older accrue interest at a rate of 8% per annum, with no additional penalties or interest assessed. In general, property subject to the Township's tax lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not ensure the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Application of Tax Code

For the 2021 tax year, the Township granted a $25,000 exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The Township has not granted a general residential homestead exemption for 2021 or prior years. See Table 1 for a listing of the amounts of applicable exemptions.

The Township does not tax nonbusiness personal property.

Tammy J. McRae, Montgomery County Tax Assessor/Collector, collects taxes for the Township. The Township does not permit split payments, and discounts are not allowed.

The Township does not tax freeport property. The Township has elected to tax goods-in-transit.

Tax Abatement Policy

The Township has established a tax abatement program generally consistent with the policy of Montgomery County to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement from 20-100% for a period of 4-10 years. The value of property currently subject to abatement is shown in Table 1.

TABLE 1 – VALUATION, EXEMPTIONS AND UNLIMITED TAX DEBT

2020/2021 Market Vaulation Established by the Appraisal Districts		$ 22,967,298,970
Less Exemptions/Reductions at 100% Market Value:		
Exempt Property	$ 1,201,829,887	
Productivity Loss	32,400,971	
Homestead Cap Adjustment	112,271,759	
Over 65 Exemptions	208,678,046	
Charitable	2,305,450	
Veterans	63,825,577	
Disability Exemptions	4,175,000	
Abatement/Freeport Exemptions	189,642,664	
House Bill 366	39,963	
Pollution Control	761,910	
Solar Value	326,100	
Nominal Value	543,091	
Prorated	14,049,179	
Personal Use Vehicle	181,945	
Auto Exemptions	52,112,039	$ 1,883,143,581
2020/2021 Taxable Assessed Valuation		$ 21,084,155,389
Unlimited Tax Debt Payable from Ad Valorem Taxes (as of May 31, 2021) (1)		
Unlimited Tax Bonds, Series 2012	$ 260,000	
Unlimited Tax Refunding Bonds, Series 2019	17,520,000	
The Bonds	7,275,000	
Total Unlimited Tax Debt Payable from Ad Valorem Taxes		$ 25,055,000
Ratio of Unlimited Tax Debt to Taxable Assessed Valuation		0.12%

2021 Estimated Population - 120,100
Per Capita Taxable Assessed Valuation - $175,555
Per Capita Unlimited Tax Debt Payable from Ad Valorem Taxes - $209

(1) Excludes the Refunded Bonds.

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Taxable and Appraised Values for Fiscal Years Ended December 31,

Category	2021 Amount	2021 % of Total	2020 Amount	2020 % of Total	2019 Amount	2019 % of Total
Real, Residential, Single-Family	$ 15,902,432,927	69.24%	$ 15,375,051,942	68.33%	$ 15,050,073,603	68.01%
Real, Residential, Multi-Family	727,712,312	3.17%	675,592,237	3.00%	635,622,345	2.87%
Real, Vacant Lots/Tracts	242,577,128	1.06%	282,774,879	1.26%	296,750,473	1.34%
Real, Farm and Ranch Improvements	8,290,820	0.04%	8,573,550	0.04%	8,434,240	0.04%
Real, Commercial, Industrial	3,739,568,160	16.28%	3,703,441,066	16.46%	3,653,091,814	16.51%
Real Acreage (Land Only)	23,114,900	0.10%	24,862,139	0.11%	26,023,224	0.12%
Real & Intangible Personal, Utilities	121,111,690	0.53%	108,714,260	0.48%	102,482,290	0.46%
Tangible Personal Business	924,808,661	4.03%	1,031,686,099	4.58%	1,059,668,538	4.79%
Real Inventory	58,251,652	0.25%	60,341,989	0.27%	91,473,955	0.41%
Special Inventory	17,600,833	0.08%	14,095,192	0.06%	18,176,753	0.08%
Total Exempt Property	1,201,829,887	5.23%	1,217,152,765	5.41%	1,186,686,638	5.36%
Total Appraised Value Before Exemptions	$ 22,967,298,970	100.00%	$ 22,502,286,118	100.00%	$ 22,128,483,873	100.00%
Less: Total Exemptions/Reductions	1,883,143,581		2,089,709,721		2,075,619,198	
Taxable Assessed Value	$ 21,084,155,389		$ 20,412,576,397		$ 20,052,864,675	

Category	2018 Amount	2018 % of Total	2017 Amount	2017 % of Total
Real, Residential, Single-Family	$ 14,931,781,805	69.69%	$ 15,300,007,404	71.18%
Real, Residential, Multi-Family	596,105,512	2.78%	619,182,266	2.88%
Real, Vacant Lots/Tracts	270,797,360	1.26%	217,452,561	1.01%
Real, Farm and Ranch Improvements	10,103,190	0.05%	21,208,340	0.10%
Real, Commercial, Industrial	3,431,813,381	16.02%	3,227,204,678	15.01%
Real Acreage (Land Only)	15,506,935	0.07%	18,326,073	0.09%
Real & Intangible Personal, Utilities	101,023,580	0.47%	99,663,370	0.46%
Tangible Personal Business	1,018,305,563	4.75%	1,021,399,471	4.75%
Real Inventory	78,262,053	0.37%	73,742,745	0.34%
Special Inventory	17,010,107	0.08%	19,248,022	0.09%
Total Exempt Property	956,486,693	4.46%	877,122,771	4.08%
Total Appraised Value Before Exemptions	$ 21,427,196,179	100.00%	$ 21,494,557,701	100.00%
Less: Total Exemptions/Reductions	1,812,359,699		1,906,300,047	
Taxable Assessed Value	$ 19,614,836,480		$ 19,588,257,654	

NOTE: Valuations shown are certified taxable assessed values reported by the Montgomery and Harris County Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records.

TABLE 3 – VALUATION AND UNLIMITED TAX DEBT HISTORY

Fiscal Year Ended 12/31	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Unlimited Tax Debt Outstanding at End of Year	Ratio of Unlimited Tax Debt to Taxable Assessed Valuation	Unlimited Tax Debt Per Capita
2017	116,278	$ 19,588,257,654	$ 168,461	$36,630,000	0.19%	$ 315
2018	117,305	19,614,836,480	167,212	34,440,000	0.18%	294
2019	118,000	20,052,864,675	169,940	30,660,000	0.15%	260
2020	119,000	20,412,576,397	171,534	28,220,000	0.14%	237
2021	120,100	21,084,155,389	175,555	25,055,000 (3)	0.12%	209

(1) Source: the Township.
(2) As reported by the Montgomery County and Harris County Appraisal Districts, subject to change during ensuing year.
(3) Includes the Bonds and excludes the Refunded Bonds.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended [(1)] 12/31	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections [(2)]
2017	0.2300	0.2125	0.0175	44,852,026	99.60%	99.90%
2018	0.2300	0.2126	0.0174	44,987,598	99.60%	99.80%
2019	0.2273	0.2103	0.0170	45,238,088	99.60%	99.90%
2020	0.2240	0.2086	0.0154	46,107,023	99.50%	99.90%
2021	0.2231	0.2080	0.0151	47,050,299	97.98%	97.98%

(1) Represents taxes levied in the prior fiscal year, but not due until 1/31 of the fiscal year indicated.
(2) Collections as of April 30, 2021.

TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Industry	2020/2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
HH Woodlands Tower Holdings LLC	Developer	$ 196,000,000	0.93%
The Woodlands Mall Associates	Retail Stores	195,700,302	0.93%
IMI MSW LLC	Retail Stores	140,022,810	0.66%
HH Hackett Tower Holdings LLC	Developer	125,046,450	0.59%
Woodlands Land Dev LP	Developer	104,549,260	0.50%
CLPF Waterway Plaza LLC	Developer	78,700,000	0.37%
CVS Pharmacy Inc	Retail Stores	77,390,669	0.37%
HL Multi-Family Holdings LLC	Real Estate	74,000,000	0.35%
24 Waterway, LLC	Developer	71,753,690	0.34%
CSHV Woodlands LP	Service Company	64,964,410	0.31%
		$ 1,128,127,591	5.35%

TABLE 6 – TAX ADEQUACY

2021 Principal and Interest Requirement	$	3,074,727 [(1)]
$0.0151 Tax Rate at 97% Collection Produces	$	3,088,196
Maximum Principal and Interest Requirements (2022)	$	3,237,704 [(1)]
$0.0159 Tax Rate at 97% Collection Produces	$	3,251,809
Average Principal and Interest Requirements (2021-2032)	$	2,723,119 [(1)]
$0.0134 Tax Rate at 97% Collection Produces	$	2,740,519

(1) Includes the Bonds and excludes the Refunded Bonds.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

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

Governmental Entity	Debt as of 5/31/2021	Overlapping Percentage	Overlapping Amount
Conroe ISD	$ 1,351,160,000	43.64%	$ 589,646,224
Harris Co	1,672,657,125	0.47%	7,861,488
Harris Co Dept of Ed	20,185,000	0.47%	94,870
Harris Co Flood Control Dist	334,270,000	0.47%	1,571,069
Harris Co Hosp Dist	81,540,000	0.47%	383,238
Harris-Montgomery Cos MUD # 386	145,575,000	100.00%	145,575,000
Lone Star College Sys	518,505,000	9.16%	47,495,058
Magnolia ISD	149,660,000	4.24%	6,345,584
Montgomery Co	486,675,000	27.16%	132,180,930
Montgomery Co MUD # 39	11,790,000	100.00%	11,790,000
Montgomery Co MUD # 46	61,370,000	100.00%	61,370,000
Montgomery Co MUD # 47	15,885,000	100.00%	15,885,000
Montgomery Co MUD # 60	10,180,000	100.00%	10,180,000
Montgomery Co MUD # 67	13,760,000	100.00%	13,760,000
Montgomery WC&ID # 1	16,009,997	4.25%	680,425
Pt of Houston Auth	492,439,397	0.47%	2,314,465
The Woodlands Metro Ctr MUD	9,740,000	100.00%	9,740,000
The Woodlands RUD # 1	36,685,000	100.00%	36,685,000
Tomball ISD	564,985,000	21.13%	119,381,331
The Woodlands Township (1)	25,055,000	100.00%	25,055,000
Total Direct and Overlapping Debt			$ 1,237,994,682
2021 Estimated Population			120,100
Per Capita Total Direct and Overlapping Debt			$ 10,308
Ratio of Total Direct and Overlapping Debt to Taxable Assessed Valuation			5.87%

(1) Includes the Bonds and excludes the Refunded Bonds.

TABLE 8 – UNLIMITED TAX DEBT SERVICE

Year Ending 12/31	Outstanding Debt Service	Less: Debt Service on the Refunded Bonds	Plus: The Bonds Principal	Interest	Total	Total Debt Service Requirements	% of Principal Retired
2021	$ 3,193,451	$ 118,724				$ 3,074,727	
2022	3,194,873	701,573	$ 495,000	$ 249,404	$ 744,404	3,237,704	
2023	3,198,285	971,935	665,000	230,850	895,850	3,122,200	
2024	3,194,566	963,316	670,000	217,500	887,500	3,118,750	
2025	3,198,073	942,923	660,000	197,600	857,600	3,112,750	44.16%
2026	3,199,469	926,569	670,000	171,000	841,000	3,113,900	
2027	3,199,376	904,876	680,000	144,000	824,000	3,118,500	
2028	3,205,454	882,454	685,000	116,700	801,700	3,124,700	
2029	3,200,829	858,929	685,000	89,300	774,300	3,116,200	
2030	3,205,483	839,083	695,000	61,700	756,700	3,123,100	94.99%
2031	783,753	783,753	670,000	34,400	704,400	704,400	
2032	788,144	788,144	700,000	10,500	710,500	710,500	100.00%
	$ 33,561,753	$ 9,682,276	$ 7,275,000	$ 1,522,954	$ 8,797,954	$ 32,677,430	

TABLE 9 – AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

The Township does not anticipate the issuance of additional unlimited tax debt within the next twelve months.

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance (1)
Fire Station	11/3/2009	$ 17,335,000	$ 17,335,000	$ -
Parks	11/3/2009	12,380,000	12,380,000	-
Refinance	11/3/2009	20,225,000	19,190,000	1,035,000
		$ 49,940,000	$ 48,905,000	$ 1,035,000

(1) After issuance of the Bonds.

TABLE 10 – OTHER OBLIGATIONS

Sales Tax and Hotel Occupancy Tax Revenue Bonds

In December 2019, the Township issued its $19,030,000 Sales Tax and Hotel Occupancy Tax Refunding Bonds, Series 2019 (the "Series 2019 Sales Tax and HOT Refunding Bonds"), to fully refund the Township's outstanding Sales Tax and Hotel Tax Occupancy Refunding Bonds, Series 2010. The Series 2019 Sales Tax and HOT Refunding Bonds are secured by the Township's pledge of ½ of 1% of general sales and use tax and the general hotel occupancy tax of 7% of taxable room revenue. Debt service requirements of the Series 2019 Sales Tax and HOT Refunding Bonds are below.

Series 2019 Sales Tax and HOT Refunding Bonds			
Year	Principal	Interest	Debt Service
2022	$ 2,160,000	$ 683,500	$ 2,843,500
2023	2,270,000	572,750	2,842,750
2024	2,395,000	456,125	2,851,125
2025	2,510,000	333,500	2,843,500
2026	2,640,000	204,750	2,844,750
2027	2,775,000	69,375	2,844,375
Totals	$ 14,750,000	$ 2,320,000	$ 17,070,000

Operating, Capital, Land Leases

The Township has executed various equipment leases for copiers, telephone systems, and other office equipment totaling approximately $111,195 annually. Generally, these leases renew annually and are cancellable upon adequate termination notice as provided by each agreement. In addition, land use and lease agreements have been executed for recreational facilities, a fire station site, and non-exclusive usage rights to Lake Woodlands. Projected future annual lease payments for these leases and land use agreements are less than $20,000.

Maintenance and Service Agreements

The Township is party to many maintenance and service agreements to include park and facility maintenance, streetscape maintenance, solid waste services, law enforcement services, information technology support services, transportation, and other interlocal contracted services totaling approximately $57.0 million annually.

Shared Capital Contribution Agreements

New community parks and pathways are constructed pursuant to a Comprehensive Community Services Agreement by and between the Township and The Woodlands Land Development Company, L.P. ("TWLDC"). This agreement provides for the planning, design, construction and shared funding of community amenities by the Township and TWLDC. Parks and pathway projects constructed under the Agreement require the Township to 1) fund 50% of the net facility costs after deducting contributions from third party sources and remaining proceeds from prior bond issues, 2) accept title to the facility along with the easement or fee ownership of the underlying land upon completion, and 3) provide ongoing annual maintenance thereafter. The initial term of the Comprehensive Community Services Agreement expired on December 31, 2019, but has been extended through December 31, 2023 by mutual agreement of the Township and TWLDC.

Township Retirement and Other Post-Employment Benefits

The Township maintains, for its employees, a defined contribution plan that meets the requirements of Internal Revenue Code Section 401(a). The plan was established under its current provisions on January 1, 2010. Principal provides administrative, recordkeeping and investment services to the plan and Principal Trust Company serves as the Directed Trustee. The Township may make a discretionary matching contribution to the plan at a rate that it determines annually. The contribution rate was 14% of eligible employees' salaries for 2020, provided an employee made salary deferral contributions of 7% of their salary. For the year ended December 31, 2020, the Township's contributions to this plan totaled $1,692,026. The plan is fully funded on a current basis.

As of January 1, 2010, the Board of the Township adopted a policy providing postemployment medical benefits to certain eligible employees. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the long-term cost of retirement healthcare and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans. The Township adopted GASB Statement No. 75 effective January 1, 2017. Plan Description – The Township's Other Post-Employment Benefits ("OPEB") plan is a self-administered, single employer defined benefit healthcare plan that covers certain retired employees of the Township. Employees of the Township and its component unit, whose age plus years of service is at least 75 with a minimum of 10 years of service, are eligible for a medical subsidy for those who chose to remain enrolled in the Township's self-insured medical plan. The Township provides a 50.0% subsidy of the employee-only premium up to a maximum of $300 per month toward all tiers of coverage. Additionally, the plan provides a Health Reimbursement Account (HRA) benefit of $1,500 for those retirees selecting single coverage and $3,000 for those retirees selecting coverage for themselves and their dependents. Eligibility for the Retiree Medical Plan contributions ends when the retiree becomes eligible for Medicare. The Township contracts with an actuarial consultant to provide an actuarial valuation of the Township's OPEB liability under GASB Statement No. 75. The most recent OPEB liability actuarial valuation was completed in May 2020 for the year ended December 31, 2019 and was updated in May 2021 using a simplified actuarial valuation for the year ended December 31, 2020. A copy of the report may be obtained by contacting the Finance Director of the Township. The actuarial valuation covering the year ended December 31, 2020 includes 38 retirees (fully eligible employees) and 325 active employees who are not fully eligible.

Funding Policy – GASB Statement No. 75 does not require the prefunding of postemployment benefit liabilities. The Township currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. There are no stand-alone financial statements for the plan.

Total and Net OPEB Liabilities as of December 31, 2020:		
OPEB Liability		
Actives	$	899,494
Retirees		35,590
Total OPEB Liability:	$	935,084
Covered employee payroll	$	26,787,000
OPEB liability as a percentage of covered payroll		3.5%

Total OPEB Expense for the Fiscal Year Ended December 31, 2020:		
Service Cost	$	40,895
Interest Cost		23,365
Changes in assumptions or other outputs		2,630
Total OPEB Expense	$	66,890

MANAGEMENT AND OPERATION OF THE TOWNSHIP

TABLE 11 – BUDGETING AND OPERATIONS

The Township's general fund statement of revenues, expenditures and changes in fund balances for Fiscal Years 2016 through 2020 are summarized below.

	Fical Years Ending December 31,				
	2020	2019	2018	2017	2016
Revenues					
Property Tax	$ 44,912,436	$ 42,318,783	$ 41,886,687	$ 41,688,714	$ 38,934,246
Sales Tax	24,262,759	27,927,632	27,257,999	27,209,646	25,384,970
Hotel Occupancy Tax	865,843	2,054,596	1,997,651	1,953,626	1,745,612
Event Admissions Tax	198,030	1,335,193	1,594,775	1,345,267	1,395,472
Investment Earnings	516,745	1,170,925	979,222	455,782	204,846
Investment Earnings from Other Funds	356,025	369,155	381,399	392,817	403,465
Program Service Fees and Grants	11,783,268	14,915,057	14,918,946	18,758,462	19,076,923
Other Income	-	-	-	-	-
Total Revenues	$ 82,895,106	$ 90,091,341	$ 89,016,679	$ 91,804,314	$ 87,145,534
Expenditures					
Current:					
General and Administrative	$ 9,375,557	$ 10,634,391	$ 10,785,273	$ 9,055,079	$ 8,489,531
Public Safety	38,517,079	37,358,427	36,238,418	34,125,537	34,393,552
Parks and Recreation	19,170,730	20,532,288	18,979,296	18,289,261	17,476,512
Transportation	5,629,109	7,544,317	7,222,577	7,027,410	6,774,548
Economic Development	4,960,441	6,778,224	6,419,667	6,044,117	7,966,733
Community Services	17,646,670	15,385,401	14,357,706	13,849,360	13,347,504
Community Relations	1,198,450	1,213,331	1,161,498	1,117,444	1,066,856
Incorporation	-	-	-	-	-
Regional Participation	-	-	-	-	-
Other Expenditures	-	-	-	-	-
Capital Outlay	-	15,360	86,330	6,051,830	5,803,736
Total Expenditures	$ 96,498,036	$ 99,461,739	$ 95,250,765	$ 95,560,038	$ 95,318,972
Revenues over (under) expenditures	$ (13,602,930)	$ (9,370,398)	$ (6,234,086)	$ (3,755,724)	$ (8,173,438)
Other Financing Sources/Uses					
Transfer In	23,570,473	28,516,592	25,580,946	23,663,962	24,190,759
Transfer Out	(11,419,840)	(14,500,267)	(18,281,156)	(20,555,952)	(21,608,646)
Total Other Sources (Uses)	$ 12,150,633	$ 14,016,325	$ 7,299,790	$ 3,108,010	$ 2,582,113
Changes in Fund Balances	$ (1,452,297)	$ 4,645,927	$ 1,065,704	$ (647,714)	$ (5,591,325)
Fund Balance, beginning of year	39,644,919	34,998,992	33,933,288	34,581,002	40,172,327
Ending Fund Balance	$ 38,192,622	$ 39,644,919	$ 34,998,992	$ 33,933,288	$ 34,581,002

Source: The Woodlands Township, Audited Financial Statements

Investments

The Township 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 (Texas Government Code, Chapter 2256) and the Public Funds Collateral Act (Texas Government Code, Chapter 2257) with respect to the investment of its funds. The Township invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Township. Both State law and the Township's investment policies are subject to change.

TABLE 12 – INVESTED FUNDS

As of May 26, 2021, the Township's consolidated cash balances were invested or deposited in the following categories:

Investment Description	Market Value	Percent of Total
Demand Deposits	$ 16,898,517	11.76%
Certificates of Deposit	16,036,193	11.16%
Investment Pools	110,766,227	77.08%
	$ 143,700,937	100.00%

LITIGATION

The Township will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the Chairman and Secretary of the Board of Directors of the Township, acting in their official capacities, to the effect that no litigation of any nature of which the Township has notice is then pending against or, to the knowledge of the Township's certifying officers, threated against the Township, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provisions 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 Township or the title of the then present officers and directors of the Board.

LEGAL MATTERS

Legal Opinions

The Township will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization 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 the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the Township payable from the proceeds of an annual ad valorem tax without legal limitation as to rate or amount, levied on all taxable property within the Township. The Township will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the Township 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 Township, and that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the Township.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P. also serves as counsel to the Township on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

Special Tax Counsel will also render an opinion to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal tax purposes under section 103 of the Internal Revenue Code of 198, as amended (the "Code") and (ii) is not a specific preference item for purposes of the alternative minimum tax. Bond Counsel will not be responsible in any manner for matters addressed in the opinion of Special Tax Counsel and, likewise, Special Tax Counsel will not be responsible in any manner for matters addressed in the opinion of Bond Counsel. Moreover, Bond Counsel and Special Tax Counsel have no joint responsibility with respect to the Bonds or the proceeds relating to the Bonds. Bond Counsel will be solely responsible for such proceedings and Special Tax Counsel will be solely responsible for its opinion.

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

A specimen copy of the opinion of Bond Counsel in connection with the Bonds is attached hereto as Appendix “B”.

A specimen copy of the opinion of Special Tax Counsel in connection with the Bonds is attached hereto as Appendix “C”.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P. has reviewed the information appearing in this Official Statement under the captioned sections “DESCRIPTION OF THE BONDS,” “THE WOODLANDS TOWNSHIP—GENERAL,” “SECURITY FOR THE BONDS – Collection of Taxes,” “Tax Information – Property Assessment and Tax Payment and – Penalties and Interest” and “LEGAL MATTERS” solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement under the captioned sections “LEGAL MATTERS—Legal Opinions”(in so far as such section relates to the opinion of Special tax Counsel) and “TAX MATTERS” solely to determine whether such information fairly summarizes the law referred to herein. Such firms have not independently verified factual information contained in this Official Statement, nor have such firms conducted an investigation of the affairs of the Township for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firms' 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

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Special Tax Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and (ii) interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

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

Special Tax Counsel’s opinion will assume continuing compliance with the covenants of the Bond Order pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Township, the Township’s Financial Advisor and the Initial Purchaser with respect to matters solely within the knowledge of the Township, the Township’s Financial Advisor and the Initial Purchaser, respectively, which Special Tax Counsel has not independently verified. If the Township fails to comply with the covenants in the Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Special Tax Counsel will express no opinion as to the amount of interest on the bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Order upon the advice or with the approving opinion of Special Tax Counsel. Special Tax Counsel will express no opinion with respect to Special Tax Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

Additional Federal Income Tax Considerations

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

Tax Accounting Treatment of Original Issue Premium… The issue price of all of the Bonds exceeds the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Legislative Changes… Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC will deliver to the Township, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the funds deposited with the Escrow Agent pursuant to the Escrow Agreement for the payment of the Refunded Bonds; (b) the mathematical computations of yield; and (c) compliance with City of Houston Ordinance No. 97-416.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Township. In addition, Public Finance Partners LLC has relied on any information provided to it by the Township's retained advisors, consultants or legal counsel.

RATING

The Bonds have been assigned a rating of "AA+" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"), without regard to credit enhancement. The rating reflects only the respective views of such organization, and the Township makes no representation as to the appropriateness of the ratings. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Masterson Advisors LLC is employed as Financial Advisor to the Township 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. Masterson Advisors LLC, in its capacity as Financial Advisor, has relied on the opinions of Bond Counsel and 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 validity of the Bonds or 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.

The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Township and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the Township accepted the bid of Huntington Securities, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of 114.884042% of par. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the Township to the Initial Purchaser. The Township has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the Township has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Township is required to observe the agreement for so long as it remains obligated to pay the Bonds. Under the agreement, the Township will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Security Rulemaking Board (the “MSRB”).

Annual Reports

The Township will provide annually to the MSRB all quantitative financial information and operating data of the general type included in this Official Statement under Tables 1 through 6 and 8 through 12 and Appendix A. The Township will update and provide this information within six (6) months after the end of each of its fiscal years ending in or after 2021.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the United States Securities and Exchange Commission (the “SEC”), as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if the Township commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Township will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the Township may be required to employ from time to time pursuant to State law or regulation.

The Township’s current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 of the following year, unless the Township changes its fiscal year. If the Township changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The Township will provide timely notices of certain events to the MRSB, 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 Township will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the Township or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the Township 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the Township or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Township or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “financial obligation” and “material” when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the Township will provide timely notice of any failure by the Township to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The Township has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Township has agreed to update information and to provide notices of material events only as described above. The Township 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 Township 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 Township disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered or beneficial owners of Bonds may seek a writ of mandamus to compel the Township to comply with its agreement.

The Township may amend its continuing disclosure agreement from time to time 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 type of operations of the Township, if (i) the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Township (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Township may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an Initial Purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Township so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Township has complied with its continuing disclosure agreements in accordance with SEC Rule 15c2-12 with the exception of the following. The Township filed unaudited financials for fiscal year 2018 before the filing deadline. However, audited financials were filed one day after the filing deadline on July 1, 2019 with an accompanying notice of late filing. The Township filed its audited financials for fiscal year 2020 before the filing deadline, but due to an administrative oversight, the annual report for fiscal year 2020 was not filed until July 21, 2021, with an accompanying notice of late filing. The Township has implemented procedures to ensure timely filing of all future financial information.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of The Woodlands Township, as of the date shown on the cover page.

/s/ *Gordy Bunch*___________________
Chairman, Board of Directors
The Woodlands Township

ATTEST:

/s/ *Dr. Shelley Sekula-Gibbs*________________
Secretary, Board of Directors
The Woodlands Township

SCHEDULE A

SCHEDULE OF REFUNDED BONDS

Unlimited Tax Bonds, Series 2011

Maturity Date March 1	Interest Rate	Par Amount	Call Date	Call Price
2022	2.500%	$ 470,000	8/18/2021	100.00
2023	2.500%	485,000	8/18/2021	100.00
2024	2.750%	500,000	8/18/2021	100.00
2025	3.000%	515,000	8/18/2021	100.00
2026	3.000%	535,000	8/18/2021	100.00
2027	3.000%	555,000	8/18/2021	100.00
2028	3.125%	575,000	8/18/2021	100.00
2029	3.250%	600,000	8/18/2021	100.00
2030	3.400%	620,000	8/18/2021	100.00
2031	3.400%	645,000	8/18/2021	100.00
2032	3.450%	675,000	8/18/2021	100.00
		$ 6,175,000		

Unlimited Tax Bonds, Series 2012

Maturity Date March 1	Interest Rate	Par Amount	Call Date	Call Price
2023	2.000%	$ 270,000	8/18/2021	100.00
2024	2.250%	265,000	8/18/2021	100.00
2025	2.250%	250,000	8/18/2021	100.00
2026	2.375%	235,000	8/18/2021	100.00
2027	2.375%	215,000	8/18/2021	100.00
2028	2.625%	195,000	8/18/2021	100.00
2029	2.625%	170,000	8/18/2021	100.00
2030	3.000%	155,000	8/18/2021	100.00
2031	3.000%	100,000	8/18/2021	100.00
2032	3.000%	100,000	8/18/2021	100.00
		$ 1,955,000		

APPENDIX A

THE WOODLANDS TOWNSHIP AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Board of Directors of
The Woodlands Township:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Woodlands Township (the Township), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2020, 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.

2900 Weslayan, Suite 200 Houston, Texas 77027-5132 (713) 439-5757 Fax (713) 439-5758

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 16-25 and the required supplementary information on pages 59-62 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Blazek & Vetterling

June 23, 2021

The Woodlands Township
Management's Discussion and Analysis
For the year ended December 31, 2020
(unaudited)

As management of The Woodlands Township (the Township), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the Township's financial statements following this section, the annual budget and other community information found on our website at www.thewoodlandstownship-tx.gov.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources in the most recent fiscal year by $282.2 million (net position). The majority of the Township's assets are invested in capital assets or restricted for specific purposes. The remaining $115.8 million (unrestricted net position) may be used to meet the Township's ongoing obligations to its citizens and creditors in accordance with the Township's fiscal policies.
- The Township's net position increased by $5.6 million primarily due to a decrease in general expenditures.
- The Woodlands Fire Department equipment was enhanced by the addition of a new Heavy Rescue Truck and High Profile Evacuation Vehicles.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information as listed in the table of contents.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Township's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net of the four reported as *net position*. Evaluated over a period of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

Included in the government-wide financial statements is Visit The Woodlands (also known as The Woodlands Convention & Visitors Bureau). Visit The Woodlands is considered a blended component unit, meaning its financial information is included with that of the Township.

The government-wide financial statements can be found on pages 29-30 of this report.

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 Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Township are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are prepared on the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, and the Special Revenue Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 31-34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 35-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $282.2 million at December 31, 2020.

By far the largest part of the Township's net position, $160.5 million (56.9%), reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional $5.8 million of the Township's net position represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position, $115.8 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township reported positive balances in all three categories of net position for the government, as well as for its separate governmental activities.

The following table provides a comparative summary of the Township's net position as of December 31, 2020 and 2019:

CONDENSED STATEMENTS OF NET POSITION (ROUNDED TO 000'S)	YEAR ENDED DECEMBER 31, 2020	YEAR ENDED DECEMBER 31, 2019
Current and other assets	$ 170,867,000	$ 166,331,000
Long-term receivables and other assets	12,183,000	7,353,000
Capital assets	209,670,000	214,715,000
Total assets	392,720,000	388,399,000
Deferred outflows of resources	2,519,000	1,810,000
Current and other liabilities	37,050,000	38,920,000
Long-term liabilities due in more than one year	45,504,000	50,447,000
Total liabilities	82,554,000	89,367,000
Deferred inflows of resources	30,515,000	24,295,000
Net investment in capital assets	160,490,000	160,360,000
Restricted	5,854,000	8,844,000
Unrestricted	115,826,000	107,343,000
Total net position	$ 282,170,000	$ 276,547,000

The following table summarizes the changes in the Township's net position as a result of its activities for the years ended December 31, 2020 and 2019:

CONDENSED STATEMENTS OF CHANGES IN NET POSITION (ROUNDED TO 000'S)	YEAR ENDED DECEMBER 31, 2020	YEAR ENDED DECEMBER 31, 2019
REVENUE:		
Taxes	$ 100,986,000	$ 112,295,000
Program service fees	7,024,000	11,550,000
Grants and contributions	8,771,000	4,619,000
Investment earnings	925,000	2,446,000
Other income	78,000	333,000
Total revenue	117,784,000	131,243,000
EXPENSES:		
General and administrative	10,627,000	11,590,000
Public safety	39,598,000	39,557,000
Parks and recreation	27,334,000	28,692,000
Transportation	7,745,000	9,659,000
Economic development	6,640,000	9,446,000
Community services	17,647,000	15,385,000
Community relations	1,212,000	1,222,000
Interest and debt-related expenses	1,358,000	1,505,000
Debt issuance cost		497,000
Total expenses	112,161,000	117,553,000
CHANGES IN NET POSITION	5,623,000	13,690,000
Net position, beginning of year	276,547,000	262,857,000
Net position, end of year	$ 282,170,000	$ 276,547,000

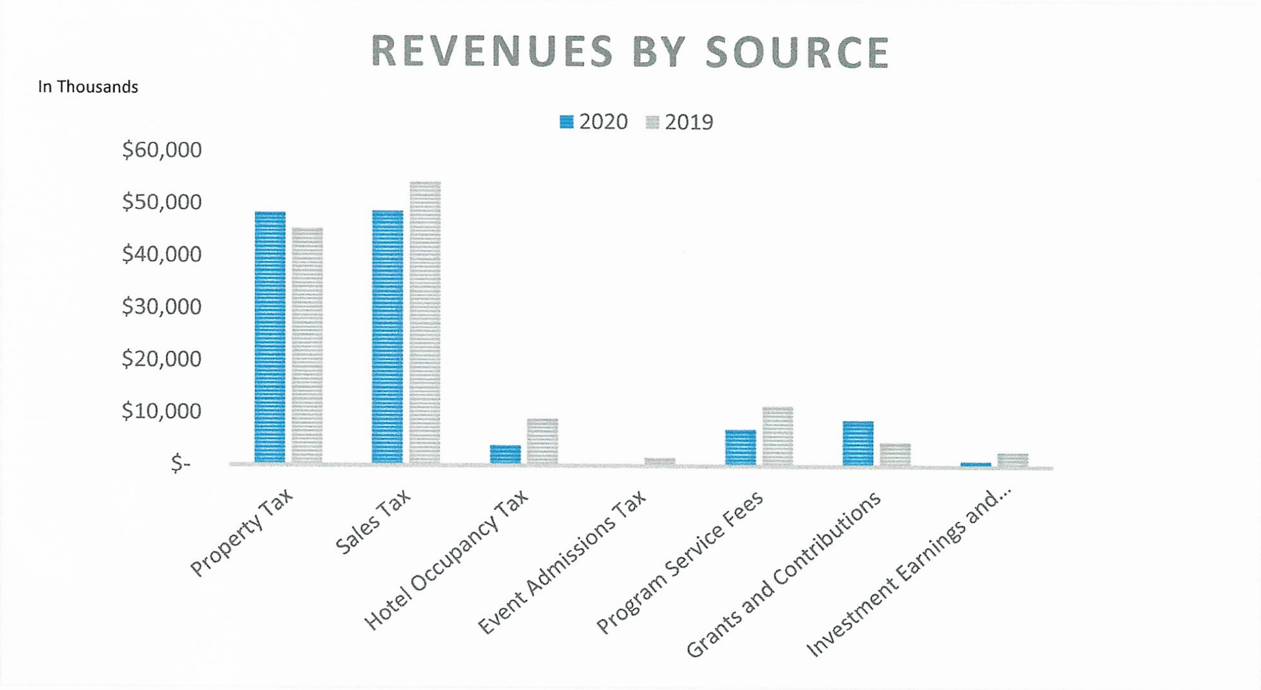
The Township's change in net position for the year ended December 31, 2020 of $5.6 million is explained in the following section.

Governmental Activities

The Township's $5.6 million positive change in net position is largely due to the Board of Directors (the Board) being proactive by taking action to keep expenses in control during the COVID-19 pandemic.

General Revenue in 2020 decreased by $13.5 million (10.3%). Tax revenue decreased by $11.3 million, program service fees decreased by $4.5 million, investment earnings decreased by $1.5 million. These decreases are offset by an increase in grants and contributions.

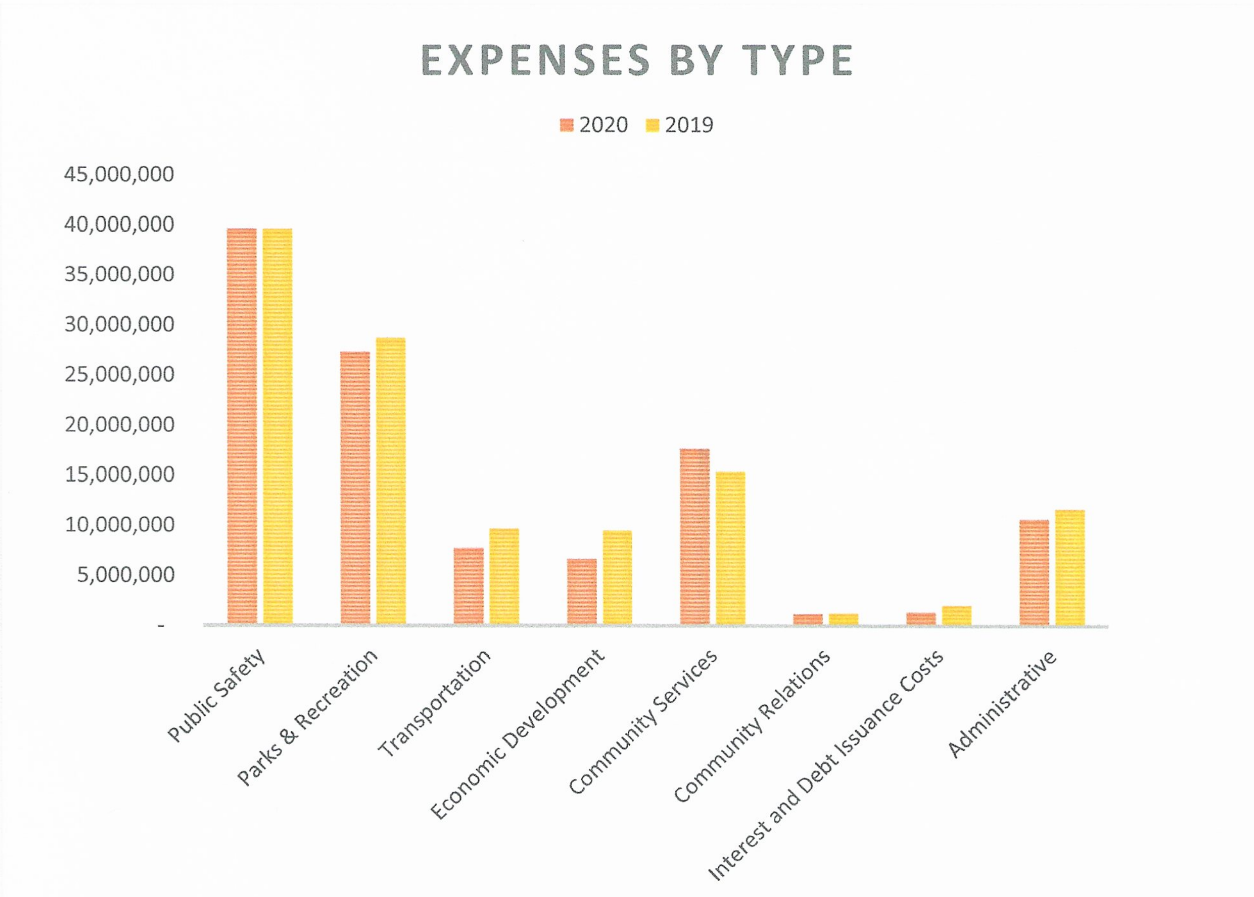
- Sales and use tax revenue decreased $7.3 million or 13.1%. Tax revenue from Retail and Accommodation and Food Services make up approximately 58% of the Township's total sales tax revenue. Due to COVID-19, tax revenue from Retail decreased 2.6% and Accommodation and Food Services decreased 20.5%.
  Mining and Oil and Gas Extraction tax revenue also decreased 66.7%. This is largely due to the loss of sales tax revenue from Anadarko due to the sale to Occidental.
- Hotel occupancy tax revenue decreased by 57.9% due to a loss in leisure and corporate travel, as well as the cancelation of major events such as IRONMAN, The Woodlands Waterway Arts Festival and the Inspire Film Festival.
- Program service fees decreased $4.5 million or 39.2% due to temporary suspension of park and recreation programs and reduced route schedules for The Woodlands Express Park and Ride.
- Capital grants and contributions had an increase of $4.1 million or 89.9% in 2020 primarily due to grants awarded to local governments through the CARES Act. The CARES Act provided assistance to the Township for emergency protective measures performed by the Township and The Woodlands Fire Department and also assisted in operating expenditures for The Woodlands Express Park and Ride.



Expenses in 2020 decreased by $5.4 million (4.6%). The key element to this decrease is based on the Board appointed Budget Task Force recommendation to reduce expenditures in all departments in response to COVID-19.

Other expenses/decreases were due to:

- A decrease in expenditures due to the temporary suspension of park and recreation programs and aquatic programs in response to COVID-19.
- A decrease in transportation expenditures relating to the reduction of commuting schedules for The Woodlands Express Park and Ride.
- A decrease in economic development expenditures due to a reduction in sales and marketing and lower project payments for Economic Development Zone #2 and Zone #3 due to a reduction in sales tax revenue.
- A decrease in debt related expenditures due to refinancing of long-term debt in 2019.
- These decreases are offset by an increase in expenditures for solid waste services related to the renewal of the contract in 2020 and a slight increase in streetscape maintenance which is now managed by the Township.



FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements.

As of December 31, 2020, the Township's governmental funds reported a combined ending fund balance of $116.1 million, an increase of $4.6 million or 4.2% from the prior year.

	2020 (ROUNDED TO 000'S)	2019 (ROUNDED TO 000'S)	INCREASE (DECREASE) (ROUNDED TO 000'S)
Fund balances:			
General Fund	$ 38,193,000	$ 39,645,000	$ (1,452,000)
Capital Projects Fund	77,318,000	72,759,000	4,559,000
Debt Service Fund	5,838,000	4,493,000	1,345,000
Special Revenue Fund	(5,252,000)	(5,446,000)	194,000
Total fund balances	$ 116,097,000	$ 111,451,000	$ 4,646,000

Approximately $11.6 million of the $116.1 million total constitutes unassigned General Fund balances, which are available for spending at the Township's discretion. By policy, the Township assigns a fund balance for an operating reserve equal to 20% of the annual General Fund's operating expenditures plus $2.0 million ($20.1 million at December 31, 2020). The remaining fund balances are non-spendable or committed to indicate that funds are not available for new spending because they have already been committed to the following:

- Nonspendable receivable of future sales tax revenue from the Special Revenue Fund related to repayment of construction costs for Town Green Park and Waterway Square is $5.2 million. This fund balance is offset by a deficit fund balance in the Special Revenue Fund of ($5.2) million.
- Committed for authorized capital projects, capital reserves and operating reserves is $76.5 million.
- Committed to pay debt service is $5.8 million.
- Other non-spendable or restricted funds to total $2.0 million.

General Fund – The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township except those required to be accounted for in another fund. At December 31, 2020, the General Fund had an unassigned fund balance of $11.6 million and a total fund balance of $38.1 million.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.1% of total General Fund expenditures and 30.5% of the total General Fund balance. Pursuant to Board policy, the Township maintains an assigned General Fund balance for operating reserves at a calculated amount based on annual General Fund operating expenditures.

The Township's General Fund balance had a decrease of $1.5 million or 3.7% during the current fiscal year. The key factors for this decrease are decreases in sales and use tax and Hotel Occupancy Tax revenue collections, and a decrease in event tax collections.

Capital Projects Fund – The Capital Projects Fund accounts for the resources accumulated and payments made for the acquisition or construction of capital assets and other special projects. Resources are derived from General Fund allocations or debt proceeds. On December 31, 2020, the Capital Projects Fund had an ending balance of $77.3 million, an increase of $4.6 million over the prior fiscal year. This increase is related to the transfer of favorable variances in the General Fund and the carry-over of major projects to 2021, originally planned in 2020. All reserves and commitments are approved by the Board.

These reserve balances are funded from annual favorable budget variances in the General Fund's operating expenditures. The favorable budget variances are used first to ensure that the operating reserve maintains a balance equal to 20% of the annual General Fund's operating expenditures, plus $2.0 million. The remaining cash generated from favorable budget variances is allocated to the capital contingency fund. Allocated amounts are determined by the Board during the annual budget process.

Additional information on the Township's capital assets can be found in the accompanying notes to the financial statements (pages 37 and 44) and in the Capital Assets section of this management's discussion and analysis (page 22).

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the bonded and non-bonded debt of the Township. The interest and sinking portion of the property tax is pledged for payment of the Unlimited Tax Bonds, while Hotel Occupancy Tax revenues and up to one half of one percent of general sales tax collected by the Township are pledged for the payment of the Revenue Bonds. For 2020, the Debt Service Fund ending balance increased by $1.3 million. The key element for this increase is a transfer from the capital contingency fund to the bond redemption reserve for future bond redemption.

Additional information on the Township's debt administration can be found in Note 15 to the financial statements (page 49) and in the Long-Term Debt section of this management's discussion and analysis (page 23).

Special Revenue Fund – The Special Revenue Fund accounts for 1% of sales tax collected within a specific geographic area of the Township defined as The Woodlands Township Economic Development Zone (the Zone). These resources are dedicated to the payment of projects approved and funded by the Zone to promote economic activity throughout the Township. Sales tax proceeds collected in excess of those required to be allocated to the approved projects are transferred to the General Fund for payment of The Woodlands Fire Department's operations.

For 2020, the Special Revenue Fund recorded $24.4 million in sales tax revenues. Of this amount, $1.9 million was paid to the authorized Zone projects for the purpose of paying down debt service, and $22.3 million was transferred to the General Fund to pay for The Woodlands Fire Department operations. The year-end deficit balance of $5.2 million in this fund is due to a $4.6 million liability related to the Market Street/Town Green Park project and a $800,000 liability related to the Mall Expansion/Waterway Square project. The Zone's liabilities will be repaid from future incremental sales tax revenue collections generated by the Zone in accordance with the approved financing plans for each project.

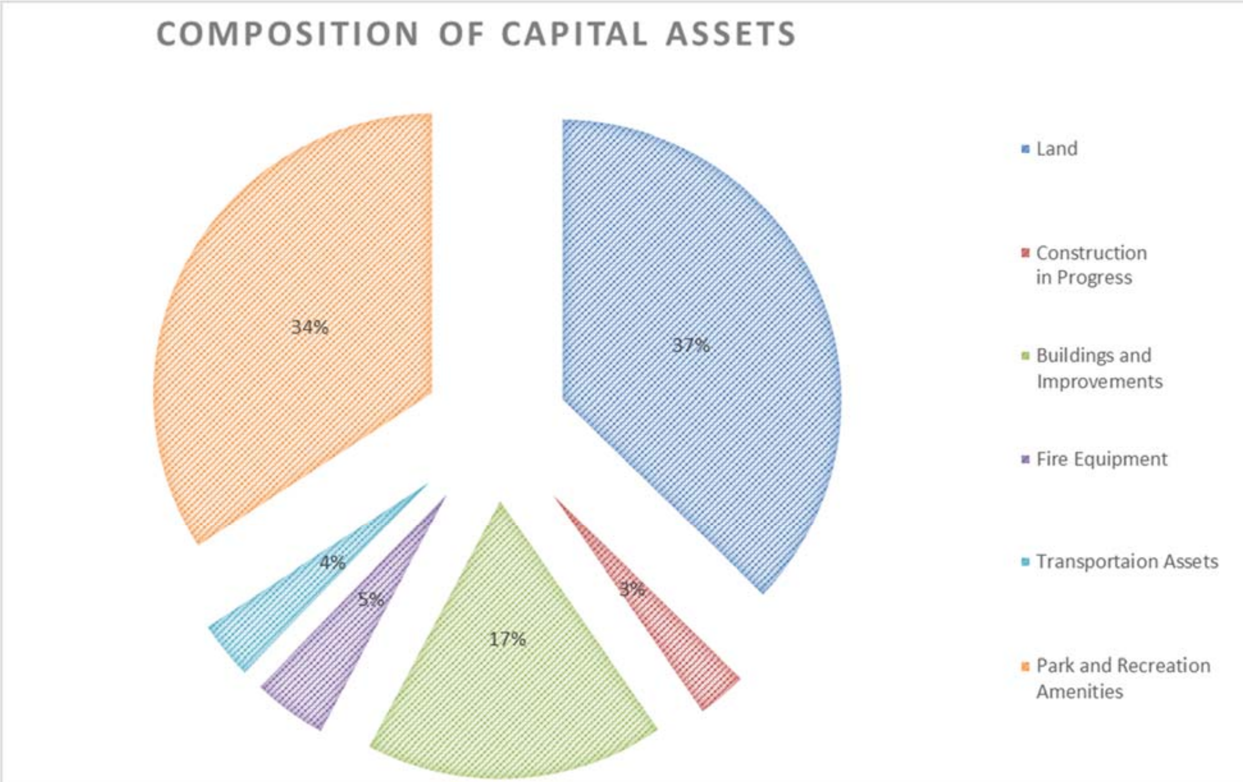
General Fund Budgetary Highlights

The actual General Fund revenues for the year ended December 31, 2020 totaled $82.9 million, which were $1.5 million less than the final budget of $84.4 million. The primary reason for the unfavorable variance includes the unfavorable variance in Sales and Hotel Occupancy Tax revenue and recreation program service fees. This unfavorable variance in revenue is offset by a favorable variance in contributions and grants. Actual General Fund expenditures for the year were $96.5 million, an amount $4.5 million lower than the final budget of $101.0 million. This favorable variance is largely due to the Township's established Budget Task Force comprised of three current Board members to monitor ongoing economic impacts on the Township resulting from COVID-19 and to make recommendations to the Board regarding projected revenue losses and reductions in operating expense and deferral of certain capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2020 amounted to $209.7 million (net of accumulated depreciation). This amount represents a net decrease (including additions, deductions, and depreciation) of $5.0 million from the prior year. The investment in capital assets includes land, buildings and improvements, park and recreation amenities, fire equipment, information technology, construction in progress, and other machinery and equipment.



Major capital asset events during the year ended December 31, 2020 included:

- Conveyance of two park and ride facilities, a maintenance facility and six trolleys from the Brazos Transit District.
- Numerous park and playground improvements with LED lighting conversions.
- Purchase of a heavy-duty rescue truck and bunker gear for The Woodlands Fire Department.
- New development of pathways and other park improvements.
- Desktop and laptop computers and additional software licenses to accommodate remote work schedules.

Additional information about capital assets can be found in Note 10 to the financial statements (page 44).

Long-Term Debt

At December 31, 2020, the Township had total debt outstanding of $45.0 million; a decrease of $4.4 million from the prior year's ending debt balance.

Changes in long-term debt are due to principal payments on various issues.

	2020	2019
Debt instruments:		
Series 2011 Unlimited Tax Bonds	$ 6,630,000	$ 7,075,000
Series 2012 Unlimited Tax Bonds	2,460,000	2,705,000
Series 2019 Unlimited Tax Bonds	19,130,000	20,880,000
Series 2019 Sales Tax and Hotel Occupancy Tax Refunding Bonds	16,805,000	19,030,000
Total debt instruments	$ 45,025,000	$ 49,690,000

Current ratings* on debt issues are as follows:

The Woodlands Township
Rating Summary
Fiscal Year 2020

Bond Series	General Obligation Debt Rating	
	Moody's	S&P
2019	Aa1 (No Outlook)	NR
2012	NR	AA (Stable)
2011	NR	AA (Stable)

Bond Series	Sales and Hotel Occupancy Tax Debt Rating	
	Moody's	S&P
2019	NR	AA- (Stable)

*All ratings are stable outlook unless otherwise noted. NR means not rated.

Additional information on the Township's long-term debt can be found in Note 15 (page 49) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's Board adopts an annual financial plan for each of the governmental funds and blended units. The annual financial plans serve as the foundation for the Township's allocation of resources, as well as long-range planning in conjunction with the Township's strategic plan.

In response to the pandemic caused by the coronavirus (COVID-19), the Township established a Budget Task Force in 2020 comprised of three current Board members to monitor ongoing economic impacts on the Township resulting from the virus and to make recommendations to the Board regarding projected revenue losses from sales and use tax and Hotel Occupancy Tax. A financial plan was developed and approved by the Board that used reductions in operating expense, deferral of certain capital projects and limited use of existing reserve balances to address any revenue shortfalls that may materialize.

The Township views its planning and operational activities in a strategic manner. Accordingly, the 2021 budget is prepared with the goal of achieving certain key objectives as defined in the *Vision 2034 Strategic Plan*, as adopted by the Board in July 2014. Those objectives include:

- Meet short-term and long-term needs of the community.
- Continue to provide high quality services and amenities.
- Provide enhancements to services as needed and appropriate.
- Maintain and replace capital assets and facilities, as necessary.
- Create financial flexibility for change conditions and opportunities.

During the 2021 budget process, total projected revenue for 2021 equaled $127.1 million, which is a $13.1 million increase from 2020's actual revenue of $114.0 million. The increase in projected revenue is due to the expected recovery of sales and use tax revenues in 2021. Additionally, program revenues are expected to increase for parks and recreation and transportation. Hotel Occupancy Tax is also expected to increase based on higher occupancy and room rates in 2021.

Property tax revenue is based on a property tax rate of $0.2231 applied to the taxable property value base of $21.09 billion, an increase of $320 million from last year's certified tax base of $20.77 billion. This rate is equal to the effective rate published by the Montgomery County Tax Assessor's Office for the Township. Total property tax revenue is projected to be $46.3 million in 2021. Revenue from property tax comprises 36% of total 2021 budgeted revenue.

During the 2021 budget process, the sales tax revenue for 2021 projected to be $54.5 million, which is a 12.1% increase from the $48.6 million collected for 2021. Revenue from sales tax comprises 42% of total 2021 budgeted revenue. Revenue from a 9% hotel occupancy tax is budgeted to generate $5.8 million in revenue for 2021, which is a 48% increase from the $3.9 million collected in 2020. This amount is based on the anticipated recovery trend from the pandemic.

The 2021 consolidated budget includes $127.8 million in expenditures, representing a 17 % increase from the 2020 actual expenditures total of $109.3 million. In response to COVID-19, many expenditures in 2020 were reduced and/or deferred to 2021. The increase is primarily the result of these deferred expenditures and an increase of expenditures within the transportation, fire department, and parks and recreation department. In addition, community service costs for solid waste and streetlights have increased.

The five-year financial plan is updated each year as the annual budget is prepared. The 2021 budget and five-year plan include funding for capital projects and assets required by The Woodlands Fire Department, parks and recreation, and information technology to maintain current services and amenities, to address community growth, to replace existing assets that have reached the end of their useful lives, and to stay abreast of technological advances. The 2021 five-year plan also provides for several future reserves, including a Grogan's Mill Property Site Plan Reserve, an Incorporation Reserve, and a Sales Tax Reserve.

Debt service requirements for 2021 are projected at $6.0 million. Of this amount, $2.8 million is related to the revenue bonds.

REQUESTS FOR INFORMATION

This financial report provides a general overview of the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Woodlands Township, Attention: Assistant General Manager – Finance and Administration, 2801 Technology Forest Boulevard, The Woodlands, Texas, 77381.

BASIC FINANCIAL STATEMENTS

THE WOODLANDS®
TOWNSHIP

The Woodlands Township

Statement of Net Position as of December 31, 2020

ASSETS	
Cash and cash equivalents	$ 132,671,014
Receivables, net	37,760,995
Prepaid expenses	435,058
Capital lease receivable	1,864,904
Long-term rent paid in advance	2,612,834
Net pension asset	7,705,440
Capital assets not being depreciated	85,514,769
Capital assets, net of depreciation	124,154,842
Total assets	392,719,856
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	2,387,666
Deferred OPEB outflows	131,429
Total deferred outflows of resources	2,519,095
LIABILITIES	
Accounts payable and accrued liabilities	7,378,340
Accrued interest payable	590,601
Unearned property tax revenue	22,815,501
Due within one year:	
Bonds payable	4,876,216
Unearned revenue related to operating lease	177,500
Compensated absences	1,211,257
Due in more than one year:	
Bonds payable	44,303,155
Unearned revenue related to operating lease	266,250
OPEB plan liability	935,084
Total liabilities	82,553,904
DEFERRED INFLOWS OF RESOURCES	
Property tax – deferred revenue	24,576,587
Deferred OPEB inflows	99,706
Deferred pension inflows	5,839,189
Total deferred inflows of resources	30,515,482
NET POSITION	
Net investment in capital assets	160,490,240
Restricted for healthcare obligations	800,000
Restricted for The Woodlands Township Firefighters' Retirement System	4,253,917
Restricted for cultural events and education	799,300
Unrestricted	115,826,108
Total net position	$ 282,169,565

See accompanying notes to financial statements.

The Woodlands Township

Statement of Activities for the year ended December 31, 2020

Functions/Programs	EXPENSES	PROGRAM REVENUE CHARGES FOR SERVICES	PROGRAM REVENUE OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Primary government:					
General and administrative	$ 10,626,672	$ 305,700	$ 964,999	$ 874,973	$ (8,481,000)
Public safety	39,598,275	1,530,958	86,548		(37,980,769)
Parks and recreation	27,334,422	2,821,399			(24,513,023)
Transportation	7,745,448	967,142	3,538,854	3,260,720	21,268
Economic development	6,639,943	657,923	45,500		(5,936,520)
Community services	17,646,670	740,679			(16,905,991)
Community relations	1,211,951				(1,211,951)
Interest expense	1,357,712				(1,357,712)
Total primary government	$ 112,161,093	$ 7,023,801	$ 4,635,901	$ 4,135,693	(96,365,698)
General revenue:					
Taxes:					
Property					48,250,027
Sales					48,641,279
Hotel occupancy					3,896,296
Event admissions					198,030
Investment earnings					925,079
Other income					77,867
Total general revenue					101,988,578
Change in net position					5,622,880
Net position, beginning of year					276,546,685
Net position, end of year					$ 282,169,565

See accompanying notes to financial statements.

The Woodlands Township

Balance Sheet – Governmental Funds as of December 31, 2020

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 62,966,526	$ 65,556,290	$ 3,890,898	$ 257,300	$ 132,671,014
Receivables, net	30,507,050		1,913,205	5,340,740	37,760,995
Due from other funds	6,449,320	14,872,593	3,785,759		25,107,672
Prepaid expenditures	435,058				435,058
Long-term receivables from other funds	5,222,082				5,222,082
TOTAL ASSETS	$ 105,580,036	$ 80,428,883	$ 9,589,862	$ 5,598,040	$ 201,196,821
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 6,399,443	$ 125,131		$ 853,766	$ 7,378,340
Due to other funds	16,805,437	2,985,253	$ 542,394	4,774,588	25,107,672
Unearned property tax revenue	21,271,287		1,544,214		22,815,501
Long-term payable to other funds				5,222,082	5,222,082
Total liabilities	44,476,167	3,110,384	2,086,608	10,850,436	60,523,595
Deferred inflows of resources:					
Unavailable property tax revenue	22,911,247		1,665,340		24,576,587
Fund balances:					
Nonspendable:					
Prepaid expenditures	435,058				435,058
Long-term receivables	5,222,082				5,222,082
Restricted for:					
Healthcare obligations	800,000				800,000
Cultural events and education		799,300			799,300
Committed for:					
Capital reserves		54,104,039			54,104,039
Capital projects		6,828,270			6,828,270
Debt service			5,837,914		5,837,914
Incorporation		15,586,890			15,586,890
Assigned for:					
Operating reserve	20,096,414				20,096,414
Unassigned	11,639,068			(5,252,396)	6,386,672
Total fund balances	38,192,622	77,318,499	5,837,914	(5,252,396)	116,096,639
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 105,580,036	$ 80,428,883	$ 9,589,862	$ 5,598,040	$ 201,196,821

See accompanying notes to financial statements.

The Woodlands Township

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
as of December 31, 2020

Total fund balances, governmental funds	$ 116,096,639
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources; therefore, are not reported in the fund financial statements.	209,669,611
Certain unearned revenue is not earned in the current period; therefore, is not reported in the fund financial statements.	
Unearned revenue related to operating lease	(443,750)
Certain assets and deferred outflows of resources included in the statement of net position are not available to pay current period expenditures; therefore, are not reported as assets in the governmental fund financial statements.	
Capital lease receivable	1,864,904
Long-term rent paid in advance	2,612,834
Net pension asset	7,705,440
Deferred pension outflows	2,387,666
Deferred OPEB outflows	131,429
Certain liabilities and deferred inflows of resources that are not due and payable in the current period are not reported as liabilities in the governmental fund financial statements, but are reported in the governmental activities of the statement of net position.	
Accrued interest payable	(590,601)
Bonds payable	(49,179,371)
Compensated absences	(1,211,257)
OPEB plan liability	(935,084)
Deferred OPEB inflows	(99,706)
Deferred pension inflows	(5,839,189)
Net position of governmental activities in the statement of net position	$ 282,169,565

See accompanying notes to financial statements.

The Woodlands Township

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended December 31, 2020

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUE:					
Property taxes	$ 44,912,436		$ 3,337,591		$ 48,250,027
Sales taxes	24,262,759			$ 24,378,520	48,641,279
Hotel occupancy taxes	865,843		3,030,453		3,896,296
Event admissions taxes	198,030				198,030
Investment earnings	516,745	$ 301,441	7,791	574	826,551
Interest received from other funds	356,025				356,025
Program service fees and grants	11,783,268				11,783,268
Total revenue	82,895,106	301,441	6,375,835	24,379,094	113,951,476
EXPENDITURES:					
General and administrative	9,375,557				9,375,557
Public safety	38,517,079				38,517,079
Parks and recreation	19,170,730				19,170,730
Transportation	5,629,109				5,629,109
Economic development	4,960,441			1,563,757	6,524,198
Community services	17,646,670				17,646,670
Community relations	1,198,450				1,198,450
Capital outlay		4,845,792			4,845,792
Interest paid to other funds				356,025	356,025
Debt service:					
Principal			4,665,000		4,665,000
Interest			1,377,237		1,377,237
Total expenditures	96,498,036	4,845,792	6,042,237	1,919,782	109,305,847
Excess (deficiency) of revenue over (under) expenditures	(13,602,930)	(4,544,351)	333,598	22,459,312	4,645,629
OTHER FINANCING SOURCES (USES):					
Transfers in	23,570,473	11,419,840	1,859,758		36,850,071
Transfers out	(11,419,840)	(2,316,193)	(848,668)	(22,265,370)	(36,850,071)
Total other financing sources (uses)	12,150,633	9,103,647	1,011,090	(22,265,370)	0
CHANGES IN FUND BALANCES	(1,452,297)	4,559,296	1,344,688	193,942	4,645,629
Fund balances, beginning of year	39,644,919	72,759,203	4,493,226	(5,446,338)	111,451,010
Fund balances, end of year	$ 38,192,622	$ 77,318,499	$ 5,837,914	$ (5,252,396)	$ 116,096,639

See accompanying notes to financial statements.

The Woodlands Township

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities for the year ended December 31, 2020

Changes in fund balances	$ 4,645,629
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. The statement of activities recognizes the cost of outlays allocated over estimated useful lives as depreciation expense.	
Capital outlay	4,845,792
Depreciation expense	(13,903,909)
Governmental funds do not recognize as revenue contributions of real property and related debt because such contributions do not increase current financial resources.	
Donated land from the developer and other governmental unit	4,135,693
Governmental funds report proceeds of sales of real property as current financial resources. The statement of activities reports proceeds of sales of real property less the net book value of the disposed assets as gains (losses) on disposal of assets.	
Payments received on capital leases receivable, net	(1,473)
Loss on disposal of assets	(123,198)
Governmental funds do not recognize revenue that is not available to pay current obligations.	
Garage lease revenue	177,500
Government funds report repayment of bond principal as an expenditure and bond proceeds as funding sources. The statement of activities treats such repayments as a reduction in long-term liabilities and proceeds as an increase in long-term liabilities.	
Principal retirement on debt and bond refunding	4,665,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	
Accrued interest	(491,691)
Amortization of discount on construction costs reimbursed in lieu of future rents	(104,168)
Changes in pension expenses related to actuarial valuation of plan assets and liabilities	1,482,213
Changes in other postemployment expenses related to plan liabilities	(42,300)
Change in financing premiums	511,216
Compensated absences	(173,424)
Change in net position of governmental activities	$ 5,622,880

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

As an independent political subdivision of the State of Texas, The Woodlands Township (the Township) is considered a Primary Government for financial reporting purposes; its activities are not considered a part of any other governmental or other type of reporting entity. Considerations in determining the Township's financial reporting entity status as a primary government include: a separate elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

In November 2007, the voters of the Township authorized the Township's Board of Directors (Board) to assess, levy, and collect an annual ad valorem tax on a uniform basis upon all taxable property included within its expanded boundaries. This vote paved the way for the receipt of assets and liabilities from the Woodlands Community Associations and transformed the Township into the organization it is today with a seven-member fully-elected governing body, providing public safety, parks and recreation, economic development and other community services in the Woodlands community.

As required by generally accepted accounting principles, these financial statements include the Township and its component unit, an entity for which the Township is considered to be financially accountable. The component unit is included in the Township's reporting entity because of the significance of its operational or financial relationships with the Township. The Township is financially accountable as it appoints a voting majority of the organization's governing board and is able to impose its will on the organization or there is potential for the organization to provide a specific financial burden on the Township. The Township is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Township's financial statements to be misleading or incomplete.

Certain component units, although legally separate entities, may be in substance, part of the government's operations and may be combined or blended with the data of the Township while other component units may be discretely presented. The Township has one blended component unit and no discretely presented component units.

Blended Component Unit

Visit The Woodlands – Visit The Woodlands (also known as The Woodlands Convention & Visitors Bureau), a §501(c)(6) organization, was created in 2006 by the Township's Board. The organization implements programs and produces events to promote local hotels, amenities, attractions, restaurants, and retailers. By attracting visitors to the area, Visit The Woodlands helps stimulate demand for The Woodlands as a travel destination and stimulates economic development. Visit The Woodlands provides services to help create new revenue for businesses and enhance sales and hotel occupancy tax collections for the Township. Tax revenue generated by the tourism industry is reinvested in community projects and programs.

Visit The Woodlands is a blended component unit of the Township because of the ability of the Township to exert its will on Visit The Woodlands' Board of Directors and the financial burden of the Township for Visit The Woodlands. Members are elected by the Board of the Township or appointed by Visit The Woodlands' Board of Directors. Currently, the Township is the only member of Visit The Woodlands. As of December 31, 2020, Visit The Woodlands' seven-member Board of Directors was composed of three Township Directors, the President of the Township and three community business leaders. The President of Visit The Woodlands is the Director of Public Relations for the Township. Visit The Woodlands and the Township have executed a service agreement whereby the Township employs all staff of Visit The Woodlands and provides administrative support at no cost to Visit The Woodlands. The Township provides substantially all of the support of Visit The Woodlands.

Transactions and internal balances between the General Fund and the component unit have been eliminated in both the government-wide and fund financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include a statement of net position and a statement of activities. These statements present information on all of the activities of the primary government and its component unit. Certain eliminations have been made as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34 related to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue.

The governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balances for all governmental funds and non-major aggregated funds. The Township considers all funds major funds because the financial position and activities are significant to the Township as a whole. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the donor have been met.

Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Revenue susceptible to accrual includes property tax, sales tax, hotel occupancy tax, event admissions tax, program service fees and grants. Under the modified accrual basis of accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for debt service expenditures which are recognized when due. Investment earnings are recorded on the accrual basis of accounting.

Government Fund Types

The Township reports the following major governmental funds as separate columns in the fund financial statements:

The ***General Fund*** is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The ***Capital Projects Fund*** is used to account for proceeds from long-term debt financing and revenue and expenditures related to authorized construction projects, capital reserves, and other capital asset acquisitions.

The ***Debt Service Fund*** accounts for the resources accumulated and payments made for principal and interest on the bonded debt of the Township. The primary source of revenue for debt service is property tax, hotel occupancy tax and up to one-half of one percent of sales tax collected within the Township.

The ***Special Revenue Fund*** is used to account for the proceeds from specific revenue sources that are designated for special purposes. The Special Revenue Fund includes approved projects funded through The Woodlands Township Economic Development Zone (the Zone). The Zone's source of revenue is sales tax assessed on commercial transactions occurring in specific geographical areas. The Zone was established to further the promotion and stimulation of business, commercial and economic activity in the Zone, as well as the Township.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments in privately managed public fund investment pools. Cash equivalents have original maturities of three months or less at the time of purchase.

Prepaid Expenses

Prepaid expenses reflect payments to vendors for costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements using the consumption method of accounting.

Capital Assets

Purchases of capital assets used in governmental activities are recorded as expenditures of the appropriate fund in governmental fund financial statements, and as assets in the government-wide financial statements, to the extent the Township's capitalization threshold is met. Depreciation is recorded on capital assets on a government-wide basis. All assets (donated and purchased) are recorded at cost or at the estimated acquisition value at the date of acquisition or donation. Capital assets and improvements are capitalized as constructed and subsequently depreciated over their estimated useful lives on a straight-line basis at the government-wide level.

The Township does not use the modified approach for infrastructure reporting. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. The Township currently capitalizes additions and transfers of sound system equipment, computer equipment, and way-finding signs as systems, regardless of each individual component's value in relation to the capitalization threshold. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities.

The Township's Board has adopted a capitalization policy for reporting capital assets which exceed $5,000 in cost and have a useful life greater than one year. The straight-line method of depreciation is applied over the following estimated useful life for the type of asset:

ASSET DESCRIPTION	ESTIMATED USEFUL LIFE
Parks and pathways	20 to 30 years
Equipment	5 to 20 years
Buildings	20 to 40 years
Leasehold improvements	Lease term
Land	Not applicable
Construction in progress	Not applicable

From time to time, the Township accepts donations of public art, sculptures, and mosaics that are maintained for public enjoyment and not held for resale. These are reported as non-depreciable assets.

Interfund Transactions

Interfund transactions are transactions that occur between individual funds during the course of routine operations. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Transactions between funds that would be reported as revenue and expenditures for services if they involved organizations external to the Township are accounted for as revenue and expenditures in the applicable funds. Interfund services provided and used are not eliminated in consolidation. Transactions that constitute reimbursements to a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. Other legally authorized transfers are included in the changes in fund balances of the governmental funds.

Compensated Absences

Annual paid time off is granted to employees (excluding firefighters) who work in excess of 1,000 hours per year. Any unused paid time off in excess of 40 hours lapses at the end of each fiscal year, unless exception to this policy is approved in writing by the President of the Township. The Township allows employees to be compensated for paid time off upon leaving employment of the Township. Compensated absences are recorded in the General Fund.

Firefighters are compensated for vacation and sick days. Vacation days earned must be used within the fiscal year. Sick time earned may be rolled over into the next fiscal year. Upon termination, firefighters are compensated for up to 360 hours of unused sick time.

Fund Balances and Net Position

Fund balances are classified based upon the relative strength of spending constraints placed upon the purposes for which resources can be used, as follows:

- *Nonspendable fund balance* includes amounts that are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balance* includes amounts constrained to specific purposes by resource providers, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* includes amounts constrained to specific purposes by the resolution of its highest level of decision-making authority, which is the Board. Similarly, the Board may modify or rescind by resolution previously committed funds.
- *Assigned fund balance* includes amounts that are set aside by the Township for specific purposes that do not meet the criteria to be classified as restricted or committed. The Township's Board annually evaluates a reserve policy that defines amounts that are to be set aside for general operating purposes.
- *Unassigned fund balance* includes amounts that are available for the Township's future use for any purpose. The General Fund may report a positive unassigned fund balance.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows:

- *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Township's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted net position* consists of all other net position that does not meet the definition of the above two categories and is available for general use by the Township.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed and unassigned resources are available, it is the Township's policy to use committed resources first. None of the Township's restricted balances result from its enabling legislation.

Program Revenue

Program revenue primarily represents fees for services related to the use of the Township's recreational facilities and fare revenues from the Township's park and ride facilities.

Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

New Accounting Standards

The Township adopted the following GASB statements during fiscal year 2020:

Statement No. 83, *Certain Asset Retirement Obligations,* is effective for fiscal year 2020. The statement addresses the accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. The statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

Statement No. 84, *Fiduciary Activities,* is effective for fiscal year 2020. The statement establishes criteria for identifying fiduciary activities and further defines when the fiduciary fund statements should be presented and the required disclosures. Additionally, the statement provides for recognition of a liability when events compel the government to disburse fiduciary resources when a demand for resources has been made and no further action or condition is required by the beneficiary to release the assets.

The GASB has issued the following statements which will be effective in future years, as described below. The Township has not yet determined the impact of implementing these new statements.

Statement No. 87, *Leases,* is effective for fiscal year 2022. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Statement No. 89*, Accounting for Interest Cost Incurred Before the End of a Construction Period,* is effective for fiscal year 2021. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported.

Statement No. 90, *Majority Equity Interests,* is effective for fiscal year 2021. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Annual Financial Plan

The Township does not adopt annual appropriated budgets for its funds. However, the Board does adopt annual financial plans for the General Fund. The plans are reviewed by management and the Board throughout the year to control and enhance the Township's operating results. The Board generally considers the Township's final annual actual operating results for all funds representative of the Township's annual financial plans for that year. The Township does not utilize encumbrances.

Deficit Fund Balances

The Special Revenue Fund has a deficit fund balance of $5.4 million as of December 31, 2020. In accordance with the project and financing plans adopted by the Board of Directors of the Zone, this deficit relates specifically to the cost of construction for Town Green Park and Waterway Square. The Township financed the construction of the projects and will receive repayments from future incremental sales tax revenue collections generated by the Zone. The capital outlay expenditures and related interfund liability to the General Fund are recorded in the Special Revenue Fund. The combined project plans for these two projects allow for the repayment of up to $8.6 million in approved project costs.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Township's cash and cash equivalents and investments at December 31, 2020 consist of the following:

Cash on hand	$ 6,073
Demand deposits	18,690,260
Certificates of deposit	16,003,630
Investments:	
TexPool	93,544,660
TexSTAR	4,426,391
Total cash and cash equivalents and investments	$ 132,671,014

The carrying value of demand deposits of the primary government at December 31, 2020 was $18,690,260 and the related bank balances were $21,169,704. Consistent with the Township's policies, all deposits in financial institutions are fully collateralized.

Authorization for Deposits and Investments

The Public Funds Investment Act, as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Township. In accordance with the Township's Investment Policy, authorized investments include the following:

- Obligations of the United States government or its agencies and instrumentalities
- Direct obligations of the State of Texas or its agencies
- Other obligations, of which the principal and interest are unconditionally guaranteed or insured by the State of Texas
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent
- Certificates of deposit issued by an approved institution domiciled in the State of Texas
- Fully collateralized repurchase agreements
- Collateralized mortgage obligations by a federal agency or instrumentality of the United States
- Bankers acceptance notes
- Commercial paper with a stated maturity of 270 days or fewer
- No-load money market mutual funds
- Investment pools
- Guaranteed investment contracts

Investments and Interest Rate Risk

The Township's investments are reported at fair value and include short-term investments in privately managed investment pools. TexPool and TexSTAR are Texas Local Government Investment Pools, which operate in a manner consistent with SEC Rule 2a-7 of the Investment Company Act of 1940 and fully comply with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These investment pools use amortized cost rather than fair value to report net assets and to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR is the same value as the number of shares owned. As of December 31, 2020, the Township had investments with the following maturities and credit quality:

INVESTMENT	FUND	FAIR VALUE	WAM	S&P RATINGS
TexPool	General	$ 27,591,796	<90 days	AAAm
TexSTAR	General	3,466,580	<90 days	AAAm
TexSTAR**	General	849,588	<90 days	AAAm
TexPool	Debt Service	1,206	<90 days	AAAm
TexPool	Debt Service	395,368	<90 days	AAAm
TexSTAR	Debt Service	110,223	<90 days	AAAm
TexPool	Capital Projects	64,457,977	<90 days	AAAm
TexPool	Capital Projects	779,857	<90 days	AAAm
TexPool	Capital Projects	318,456	<90 days	AAAm
Total investments		$ 97,971,051		

**Account restricted for health insurance claims contingency fund.

TexPool is an investment pool that is overseen by the State of Texas Comptroller of Public Accounts and operated under the supervision of the Texas Treasury Safekeeping Trust Company. TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791 and the Public Funds Investment Act, Chapter 2256. Funds are managed by J.P. Morgan Investment Management, Inc. and Hilltop Securities, Inc. Funds are held in a separate custodial account at the Federal Reserve Bank.

In accordance with its Investment Policy, the Township manages its exposure to any decline in fair values by limiting the maturity of each investment to a period no longer than one (1) year. Additional authorization is required for periods exceeding ninety (90) days; however, in no event shall the maturity of any individual investment owned by the Township exceed two (2) years, unless otherwise specifically stated in the Investment Policy.

Deposits and Custodial Credit Risk

State statutes require that all the Township's deposits in financial institutions be fully collateralized by depository insurance or by certain government obligations that have a fair value of not less than the principal amount of the deposits. Furthermore, the Township's Investment Policy further restricts the value of such collateral to not less than 110.0% of the principal amount of the uninsured deposit.

At December 31, 2020, the following deposits, including accrued interest as of December 31, 2020, were properly collateralized or insured in accordance with state requirements:

BANK	TYPE	FUND	FAIR VALUE	MATURITY
Spirit of Texas Bank	Certificate of Deposit	General	$8,003,630	316 days
Origin Bank	Certificate of Deposit	General	$8,000,000	295 days

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables as of December 31, 2020 for the Township's individual major funds, including allowances for uncollectible accounts, are as follows:

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL
Property tax	$ 23,038,988		$ 1,674,890		$ 24,713,878
Sales tax	5,255,759			$ 5,340,740	10,596,499
Hotel occupancy tax			255,063		255,063
Event admissions tax	3,631				3,631
Grant receivable	1,947,553				1,947,553
Other receivables	491,509				491,509
Total receivables	30,737,440		1,929,953	5,340,740	38,008,133
Less: Allowance for uncollectible accounts	(230,390)		(16,748)		(247,138)
Receivables, net	$ 30,507,050	$ 0	$ 1,913,205	$ 5,340,740	$ 37,760,995

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue reported in the governmental funds consists of unavailable property tax of $24,576,587 and unearned property tax revenue of $22,815,501.

NOTE 5 – PROPERTY TAX

Property taxes are levied by October of each year in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Montgomery County Appraisal District establishes property values. Taxes are levied by the Township based on the appraised values and operating needs of the Township. Montgomery County performs billing and collection of tax levies.

NOTE 6 – SALES TAX

On November 2, 1993, the voters of the Township authorized the Board to levy and collect one percent sales tax within the Township, subject to the applicable provisions of the Texas Tax Code. On November 6, 2007, the voters of the Township authorized the Board to expand the boundaries of the Township in which the base one percent sales tax is collected effective April 1, 2008. In addition, following a public hearing on November 16, 2007, the existing economic development zones were reorganized as the Zone. At that time, the Zone's Board of Directors imposed an incremental one percent sales tax within the boundaries of the expanded Township, but by an order dated March 26, 2008, the Board of Directors of the Zone temporarily excluded the Harris County area from its boundaries. Collections of the incremental sales tax will be used exclusively to fund fire protection services and select improvement projects as approved by the Board of the Township and are recognized in the Special Revenue Fund.

The Township recorded revenue of $24,262,759 in the General Fund and $24,378,520 in the Special Revenue Fund from the levy of sales tax for the fiscal year ended December 31, 2020.

NOTE 7 – HOTEL OCCUPANCY TAX

The Township Act (as amended by Senate Bill 26) provides for the assessment of a hotel occupancy tax of up to 7.0% of the price paid for a hotel room and a supplemental tax at a rate of up to an additional 2.0%. By Board order, the Township has imposed the maximum 9.0% tax. As provided by the Township Act, the Township can apply the proceeds from a hotel occupancy tax for any of the Township's purposes and for purposes described by Section 352.1015 of the Texas Tax Code, to the extent considered appropriate by the Board. Generally, proceeds are used for the costs to advertise and promote tourism and costs related to business development and commerce, including financing and operating improvement projects for conventions, trade shows and similar events.

NOTE 8 – EVENT ADMISSIONS TAX

The Township's enabling legislation provides for the imposition of an event admissions tax on the price of admission to certain events. By Board order, effective January 1, 2011, a 5.0% tax has been assessed on the price of tickets sold for events at The Cynthia Woods Mitchell Pavilion (the Pavilion). Under the terms of an agreement with The Center for the Performing Arts at The Woodlands (the Center), 90.0% of the taxes collected are remitted to the Center to be used for certain costs related to the operations of the Pavilion. The remaining 10.0% is to be used by the Township for promotion, funding or support of cultural events held elsewhere in the Township. This agreement is in effect through December 31, 2030.

NOTE 9 – GRANT REVENUE

The Township was awarded grants to provide public transportation service for the general Woodlands/Conroe urbanized area. The grant provides for planning, operations, and upkeep of facilities. The Township recognized grant revenue for public transportation services of $2.7 million.

The Township was also awarded grants to provide for additional services and supplies needed to encourage safety and facilitate efforts to educate and protect its residents in the face of the world-wide pandemic declared in March 2020, by the Director-General of the World Health Organization related to the global outbreak of the new coronavirus COVID-19 and the related national emergency declared in the United States. The Township recognized grant revenues related to the pandemic of $3.0 million.

The Township's government grants require fulfillment of certain conditions as set forth in grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by the Township with the terms of the contracts. Management believes such disallowances, if any, would not be material to the Township's financial position or change in net position.

NOTE 10 – CAPITAL ASSETS

The Township's investment in capital assets at December 31, 2020 consists of the following:

	BALANCE JANUARY 1, 2020	ADDITIONS	COMPLETIONS/ DISPOSALS	BALANCE DECEMBER 31, 2020
Depreciable capital assets:				
Parks and pathways	$ 178,758,383	$ 2,008,435	$ (151,508)	$ 180,615,310
Buildings and leasehold improvements	52,583,098	1,891,595		54,474,693
Equipment	46,411,548	3,125,666	(1,874,064)	47,663,150
Depreciable capital assets, at cost	277,753,029	7,025,696	(2,025,572)	282,753,153
Accumulated depreciation:				
Parks and pathways	101,846,380	7,539,980	(131,419)	109,254,941
Buildings and leasehold improvements	18,307,094	1,909,333		20,216,427
Equipment	26,443,302	4,454,596	(1,770,955)	29,126,943
Accumulated depreciation	146,596,776	13,903,909	(1,902,374)	158,598,311
Total depreciable capital assets, net	131,156,253	(6,878,213)	(123,198)	124,154,842
Nondepreciable capital assets:				
Land	75,896,799	2,041,882		77,938,681
Construction in progress	6,459,452	474,930	(561,022)	6,373,360
Sculpture and art	1,202,728			1,202,728
Total nondepreciable capital assets	83,558,979	2,516,812	(561,022)	85,514,769
Total capital assets, net	$ 214,715,232	$ (4,361,401)	$ (684,220)	$ 209,669,611

For the year ended December 31, 2020, depreciation expense was charged to the following functions:

Parks and recreation	$ 8,163,692
Public safety	2,563,409
Transportation	2,116,339
General and administrative	1,035,391
Economic development	11,577
Community relations	13,501
Total depreciation expense	$ 13,903,909

In May 2008, the Township assumed management, maintenance, and operational responsibilities of The Woodlands Waterway (the Waterway) in accordance with the Waterway Maintenance, Use and Operations Agreement, between The Woodlands Land Development Company, L.P. (the Development Company) and the Township. Additionally, the Township assumed the responsibility from the Woodlands Community Associations for the mutual development of certain public areas in conjunction with the Development Company. From time to time, the Waterway and various other areas that have been developed are conveyed to the Township by special warranty deed and fee transfers. Conveyances are recorded at the cost of the project provided by the Development Company that approximates fair value.

In October and November 2020, Brazos Transit District conveyed certain land, buildings and equipment related to the transportation operations. Conveyances were recorded at the estimated fair value of the property and equipment transferred.

NOTE 11 – CAPITAL PROJECTS AND COMMITMENTS

As of December 31, 2020, the Township had the following commitments:

PROJECT	AMOUNT AUTHORIZED	SPENT TO DATE	REMAINING COMMITMENT
Parks and pathways improvements	$11,500,000	$8,723,530	$2,776,470

In 2007, the Township executed Regional Participation Agreements (RPAs) with the City of Houston and the City of Conroe. Each agreement established a regional participation fund or escrow account for mutually beneficial projects within the applicable region; defined payment terms, eligible projects, accounting for deposits, annexation deferral terms, as well as other contractual terms and conditions; and provided an initial list of new improvement projects or those which will enhance existing public works. The RPAs require the Township to remit periodic deposits for an unlimited duration into each regional participation fund in the amount of 1/16th of one percent of the sales tax collections from within the boundaries of the Township in each of the city's extra-territorial jurisdiction. In 2020, the Township remitted $1,550,326 to the funds. This amount is included in the expenditures for economic development.

NOTE 12 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables as of December 31, 2020 are as follows:

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General	Special Revenue	$ 4,774,588
General	Debt Service	542,394
General	Capital Projects	1,132,338
Capital Projects	General	14,879,437
Debt Service	Capital Projects	1,852,915
Debt Service	General	1,926,000
Total interfund receivables and payables		$ 25,107,672

$4,774,588 due to the General Fund from the Special Revenue Fund is for sales tax revenue to be transferred. $542,394 due to the General Fund from the Debt Service Fund is for hotel occupancy tax (HOT) revenue to be transferred. $14,879,437 due to the Capital Projects Fund from the General Fund is for designated capital reserves ($11,544,364) and for reimbursement of disbursements made from the General Fund for Capital Projects ($3,335,071). $1,926,000 due to the Debt Service Fund from the General Fund is for property tax revenue to be transferred. All interfund balances are subject to collection in the subsequent year.

The related General Fund receivable and interest income, and Special Revenue Fund liability and interest expense for Town Green Park and Waterway Square expenditures are recorded in the fund financial statements only. The related interfund activity has been eliminated from the government-wide financial statements.

Interfund transfers for the year ended December 31, 2020 are as follows:

TRANSFER OUT	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	SPECIAL REVENUE	TOTAL
Special Revenue	$ 22,265,370				$ 22,265,370
Capital Projects	456,435		$ 1,859,758		2,316,193
General		$ 11,419,840			11,419,840
Debt Service	848,668				848,668
Total	$ 23,570,473	$ 11,419,840	$ 1,859,758	$ 0	$ 36,850,071
Transfers in	$ 23,570,473	$ 11,419,840	$ 1,859,758		$ 36,850,071
Transfers out	(11,419,840)	(2,316,193)	(848,668)	$ (22,265,370)	(36,850,071)
Total	$ 12,150,633	$ 9,103,647	$ 1,011,090	$ (22,265,370)	$ 0

Transfers out for the year ended December 31, 2020 from the General Fund to the Capital Projects Fund were $58,360 for capital projects and $11,361,480 for capital reserves. Transfers from the Capital Projects Fund include $1,859,758 to the Debt Service Fund to create a bond redemption reserve and $456,435 to the General Fund for Board specified initiatives. Transfers from the Special Revenue Fund to the General Fund of $22,265,370 represent sales tax collections in the expanded Zone which are designated for fire protection services. Transfers out of the Debt Service Fund to the General Fund were to reimburse debt service costs paid by the General Fund.

NOTE 13 – ECONOMIC DEVELOPMENT ZONE PROJECTS

Created in November 2007 by resolution of the Township's Board, The Woodlands Township Economic Development Zone's (the Zone) boundaries overlay the expanded boundaries of the Township within Montgomery County in its entirety.

By agreement, the Township and the Zone have agreed that: 1) the Zone will pay the Township all net proceeds derived from the collection of a one percent sales tax within the Zone, 2) all amounts received from the Zone by the Township will be applied solely for the improvement projects described below, and 3) in consideration of the payments between entities, the Township will make staff available and provide administrative support at no cost to the Zone.

As noted, future sales tax revenue collections for the Zone have been committed for specific projects to the extent of actual collections. All Zone activity for the year is included in the Special Revenue Fund. The terms and obligations of repayment to third-party developers (net revenue payments) and the Township (priority payments) for each project are outlined below. In accordance with each financing plan, payments are contingent upon the actual receipt of sales tax collections within the Zone.

Town Green Park

Approved in November 2002, project costs include public enhancements to the mixed-use development located at Market Street within the boundaries of the Township and the development of Town Green Park. Approved reimbursable public enhancement costs of $10.6 million for the Market Street project include, among other items, improvements to parking facilities, public art and architectural elements, public restrooms, and public plazas. Approved project costs for Town Green Park were $4,336,823.

The approved financing plan has a term that began in 2005 and is not to exceed thirty years or until the repayment of all project costs, whichever occurs first. The assessed 1.0% incremental sales tax collected within the boundaries of the project, along with any interest earnings, are allocated to the payment of project costs as identified in the financing plan as follows: 1) the first $200,000 of annual collections are reimbursed to the Township as a priority payment and applied to Town Green Park project costs, not to exceed $4,336,823, plus interest, and 2) annual collections in excess of the priority payment are reimbursed to the Market Street developer and applied to public enhancement costs, not to exceed $10,600,000, plus interest. During the 24th annual period or fiscal year 2028, the Township's priority payment for subsequent annual periods will be recalculated to fully amortize the outstanding unpaid project costs for the Town Green Park project, and then to the remaining unamortized balance for the Market Street project.

Payments to the Market Street developer are recorded as economic development expenditures in the tax increment fund for the project. As of December 31, 2020, aggregate net revenue payments, including interest to the developer, totaled $15,668,231 and priority payments to the Township totaled $3,000,000.

Waterway Square

Approved in July 2003 and amended in October 2004, project costs include public enhancements to the mixed-use development located at The Woodlands Mall expansion (the Mall Expansion) within the boundaries of the Township and a portion of the development costs of Waterway Square. Approved reimbursable public enhancement costs of $7,499,111 for the Mall Expansion project include, among other items, costs for utility relocations, landscaping, signage, paving and sidewalks, lighting improvements, and related engineering, surveying, and other soft costs. Approved project costs for the Waterway Square project were $4,343,164.

The approved financing plan has a term that began in 2004 and is not to exceed thirty years or until the repayment of all project costs, whichever occurs first. The assessed 1.0% incremental sales tax collected within the boundaries of the project, along with any interest earnings, are to be used to pay project costs identified in the financing plan as follows: 1) the first $350,000 of annual collections are reimbursed to the Township as a priority payment and applied to the Waterway Square project costs, not to exceed $4,343,164, plus interest, and 2) annual collections in excess of the priority payment are reimbursed to the developer of the Mall Expansion project and applied to public enhancement costs, not to exceed $7,499,111, plus interest. Payments to the Mall Expansion developer are recorded as capital outlay in the tax increment fund for the project. As of December 31, 2020, aggregate net revenue payments, including interest to the developer, totaled $11,129,940 and priority payments to the Township totaled $5,950,000.

Community Fire Protection Services

Beginning in 2008, a portion of the sales tax collections from within the Zone, after allowance for the projects noted above, are committed to community fire protection. The amount funded in 2020 from the Zone and the expanded boundaries was $22,265,370.

NOTE 14 – LONG-TERM LEASE RECEIVABLE

Capital Lease – Convention Center, Sky Bridge and Parking Garage

The Township leases the Convention Center, sky bridge and a portion of the adjacent parking garage (500 spaces) for a term of 99 years to Inland American Lodging Woodlands, GP, L.L.C. These facilities were constructed by the Township with bond proceeds in 2001.

The Township reports the Convention Center lease as a capital lease based on the lease terms and the requirements of generally accepted accounting principles. The related capital assets are restricted under the terms of the Convention Center lease and, as such, the historical cost associated with the leased assets, including the land, has not been recorded by the Township.

Beginning in 2003, the Township recorded and began to amortize the future minimum lease payments under the Convention Center lease over the 99-year lease term. Rental payments under the lease commenced on January 1, 2005. Annual base rental amounts under the lease are equal to the annual base rental for the preceding year increased or decreased based on the change in the Consumer Price Index for All Urban Consumers (CPI-U) in Houston-Galveston-Brazoria, Texas.

The Convention Center lease will generate $8,100,000 in total remaining lease payments over the term of the lease. The future minimum lease payments are $1,864,906 at a rate of 5.2791%, without adjustment for future changes in the CPI-U, as described above. The amortization of the future minimum lease payments under the Convention Center lease is shown below:

	PRINCIPAL	INTEREST	TOTAL
2021	$ 1,550	$ 98,450	$ 100,000
2022	1,632	98,368	100,000
2023	1,718	98,282	100,000
2024	1,808	98,192	100,000
2025	1,904	98,096	100,000
2026-2030	11,138	488,862	500,000
2031-2035	14,405	485,595	500,000
2036-2040	18,630	481,370	500,000
2041-2045	24,095	475,905	500,000
2046-2050	31,163	468,837	500,000
2051-2055	40,304	459,696	500,000
2056-2060	52,127	447,873	500,000
2061-2065	67,418	432,582	500,000
2066-2070	87,194	412,806	500,000
2071-2075	112,771	387,229	500,000
2076-2080	145,850	354,150	500,000
2081-2085	188,633	311,367	500,000
2086-2090	243,966	256,034	500,000
2091-2095	315,529	184,471	500,000
2096-2100	408,084	91,916	500,000
2101	94,987	5,013	100,000
Total	$ 1,864,906	$ 6,235,094	$ 8,100,000

The Township has retained all debt associated with building the leased facilities. Township management expects the additional activities related to the Convention Center lease to benefit the Township generally through expanded economic development. At December 31, 2020, the principal amount of the Township's remaining debt on bonds issued to construct the leased facilities was $16,805,000.

Operating Lease – Parking Garage

On February 1, 2003, the Township and the Pavilion entered into a long-term lease whereby the Pavilion leases a portion of the Convention Center parking garage for a term of 20 years. Consideration for the Pavilion lease was received by the Township prior to construction of the Convention Center parking garage in the amount of $3,550,000. The Township's costs for these facilities and related depreciation are shown below:

CATEGORY	COST	ACCUMULATED DEPRECIATION	BOOK VALUE
Land	$835,713		$835,713
Buildings (Garage)	$3,100,814	$1,329,364	$1,771,450

The Township reports this lease as an operating lease based on the lease terms and the requirements of generally accepted accounting principles. Accordingly, a portion of the land and facility costs noted above are recorded in the Township's capital assets. The consideration received in advance of the construction is reported as unearned revenue and is being amortized over the term of the lease. Revenue recognized each year is $177,500.

NOTE 15 – LONG-TERM LIABILITIES

The following is a summary of the Township's long-term liabilities for the year ended December 31, 2020:

	BALANCE DECEMBER 31, 2019	INCREASES	DECREASES	BALANCE DECEMBER 31, 2020	PAYABLE WITHIN ONE YEAR
Revenue bonds	$ 19,030,000		$ (2,225,000)	$ 16,805,000	$ 2,055,000
General obligation bonds	30,660,000		(2,440,000)	28,220,000	2,310,000
Compensated absences	1,037,833	$ 3,441,956	(3,268,532)	1,211,257	1,211,257
Unearned financing premium	4,665,587		(511,216)	4,154,371	511,216
Unearned revenue related to operating lease	621,250		(177,500)	443,750	177,500
Total	$ 56,014,670	$ 3,441,956	$ (8,622,248)	$ 50,834,378	$ 6,264,973

The following table displays the total principal debt outstanding by issuance as of December 31, 2020:

DESCRIPTION	ISSUANCE DATE	INTEREST RATES	FINAL MATURITY DATE	OUTSTANDING PRINCIPAL AMOUNT
Series 2011 Unlimited Tax Bonds	November 17, 2011	2%-3.45%	March 1, 2032	$6,630,000
Series 2012 Unlimited Tax Bonds	February 1, 2012	1.75%-3%	March 1, 2032	$2,460,000
Series 2019 Refunding General Obligation Bonds	December 17, 2019	1.18%-1.19%	March 1, 2030	$19,130,000
Series 2019 Refunding Unlimited Tax Bonds	December 17, 2019	5%	March 1, 2027	$16,805,000

Annual debt service requirements to maturity are as follows:

	PRINCIPAL	INTEREST	TOTAL
2021	$ 4,365,000	$ 1,672,325	$ 6,037,325
2022	4,570,000	1,468,372	6,038,372
2023	4,760,000	1,281,035	6,041,035
2024	4,935,000	1,110,691	6,045,691
2025	5,110,000	931,572	6,041,572
2026-2030	19,765,000	1,934,735	21,699,735
2031-2032	1,520,000	51,897	1,571,897
Total	$ 45,025,000	$ 8,450,627	$ 53,475,627

At December 31, 2020, the Township had $1,035,000 of authorized, but unissued unlimited tax bonds.

NOTE 16 – SIGNIFICANT PROVISIONS OF THE TOWNSHIP ACT

The Township's enabling legislation (the Act) is amended from time to time. Certain provisions of the Township Act in effect as of December 31, 2020 are summarized below.

General and Specific Powers of the Township

The services, projects, and improvements provided by the Township are accomplished under the powers conferred by the Act, Chapter 289, Acts of the 73rd Legislature of the State of Texas, Regular Session, 1993 and as thereafter amended. The Township will not act as the agent of any private interests, although many private interests will be benefitted by the Township as will the general public. The Township Board has the authority to: 1) levy, assess, and apply taxes, fees, and charges for the Township's authorized purposes, 2) add territory on its own motion and without petitions, only after notice and public hearing, and subject to a confirmation election, 3) after public hearing, adopt certain rules and regulations, punishable by fines or penalties consistent with those under Section 54.001, Local Government Code and enforce the same, 4) engage in activities accomplishing transportation and traffic movement purposes, including but not limited to mass transportation, parking, pedestrian movement, rail systems, traffic movement and transit terminal, create an economic development zone on its own motion or upon receipt of a petition of property owners and exercise economic development powers of Chapter 380, Texas Local Government Code, 5) borrow money or issue bonds for the corporate purposes of the Township, 6) undertake separately or joint improvement projects for the Township, 7) contract off-duty peace officers for special event, holiday, or traffic congestion public safety services, 8) contract with any person, entity, or other political subdivision for the accomplishment of any of the Township's purposes with limited exceptions for public safety personnel, and 9) dissolve the Township at any time upon the repayment, discharge, or assumption by other governmental entity of any outstanding indebtedness or contractual obligations.

In addition, the Township Board may call elections for incorporation as a municipality or the release from the extraterritorial jurisdiction of a municipality; adoption of another form of local government; authorize or discontinue the levy of taxes; authorize the issuance of bonds or other indebtedness; election of directors or reorganization of the Board; or the addition or exclusion of territory.

The Township's powers and authority are limited, in that it: 1) may not directly employ peace officers, 2) may not directly employ any fire protection personnel before January 1, 2012, and 3) may not impose an impact fee or assessment on a single family residential property or a residential duplex, triplex, quadruplex, or condominium.

SB 1014 (Creighton/Keogh) and SB 1015 were passed during the 85th Legislature, Regular Session. SB 1014 (Creighton/Keogh) provided clarifications to the Township's creation legislation. This bill (1) provided a number of clarifications to the district's creation legislation; (2) modified the procedure for filling vacancies on the Township's Board; (3) provided procedures for the calling and holding of an incorporation election over the territory of the Township; (4) provided procedures for the transfer of assets, liabilities, powers, obligations and functions of the Township to the new city; (5) provided procedures for dissolution of the Township; (6) codified a reference to the Township's enabling Act in Chapter 11011 of the Special District Local Laws Code; and (7) specified certain provisions of the enabling Act that remain applicable to the new city in the event of incorporation and dissolution of the Township (effective immediately).

SB 1015 pertained to the Township's procedures for incorporation. This bill amended Section 43.0754, Local Government Code, to provide the procedures and mechanics to incorporate an area subject to a regional participation agreement irrespective of population and geographic limitations (applicable to the Township only) (effective June 9, 2017).

Board of Directors

The Act requires that each director appointed or elected take the oath of office prescribed by the constitution for public officers and execute a bond for $10,000 payable to the Township and conditioned upon the faithful performance of duties. All bonds of the directors shall be approved by the Board. Qualifications to serve as a director include: 1) a person at least 18 years of age, and 2) a resident of the Township. Directors are not compensated for service on the Board.

Bonded Indebtedness

The Act authorizes the Township to issue bonds in accordance with specific sections of the Texas Local Government Code. Bonds issued by the Township for the primary purpose of providing water, sewage or drainage facilities must be approved by the Texas Commission on Environmental Quality in the manner provided by Chapter 49 of the Texas Water Code.

Bonds issued by the Township may be secured and made payable, wholly or partly, by a pledge of any part or combination of the net proceeds of a specified portion, but not more than 0.5% of the sales tax, the hotel occupancy tax, an ad valorem tax, or any contracted revenues or proceeds including those from the Zone.

Other Provisions

The Township may contract with area municipalities, other political subdivisions, corporations and individuals to achieve its purposes. Contracts for security services and interlocal contracts with area municipalities and other political subdivisions for law enforcement assistance within the Township have been entered into by the Township. In addition, following a public hearing, the Township may adopt and enforce rules and regulations related to real property owned by the Township or any real property in which the Township has an interest. All fines or other penalties collected for a violation of a Township rule are remitted to Montgomery County.

For purposes of open meetings and public records laws, the Township is considered a municipal utility district. In addition, competitive bids for construction work or the purchase of material or equipment are required for expenditures greater than $25,000.

NOTE 17 – POSTEMPLOYMENT BENEFITS

All Township employees participate in Social Security. The Township contributes 6.2% of eligible wages paid. In 2020, the Township paid $1,891,566 for Social Security benefits of its employees.

Deferred Compensation Plan

The Township maintains, for its employees, a tax-deferred compensation plan that meets the requirements of Internal Revenue Code Section 457. The plan was originally established by the Township in 2000 and restated in January 2010. Principal Life Insurance Company (Principal) provides administrative, recordkeeping and investment services to the plan and Principal Trust Company serves as the Directed Trustee. The Township serves as the plan administrator. Participants may contribute up to 85.0% of their compensation to the plan subject to Internal Revenue Code limits. Payments from the plan are not available to employees until termination, retirement, death, or unforeseen emergency. The plans trust arrangements are established to protect deferred compensation amounts of employees under the plan from any use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed bi-weekly by the Township to Principal. Principal handles all funds in the plan and processes the investment decisions made by participants and disburses funds to participants in accordance with plan provisions. Employees contributed $1,615,986 to the Section 457 plan in 2020.

Defined Contribution Plan

The Township maintains, for its employees, a defined contribution plan that meets the requirements of Internal Revenue Code Section 401(a). The plan was established under its current provisions on January 1, 2010. Principal provides administrative, recordkeeping and investment services to the plan and Principal Trust Company serves as the Directed Trustee. The Township may make a discretionary matching contribution to the plan at a rate that it determines annually. The contribution rate was 14.0% of eligible employees' salaries for 2020, provided an employee made salary deferral contributions of 7.0% of their salary. For the year ended December 31, 2020, the Township's contributions to this plan totaled $1,692,026. The plan is fully funded on a current basis.

Other Postemployment Benefits

Plan Description – The Township's OPEB plan is a self-administered, single employer defined benefit healthcare plan that covers certain retired employees of the Township. Employees of the Township and its component unit, whose age plus years of service is at least 75 with a minimum of 10 years of service, are eligible for a medical subsidy for those who chose to remain enrolled in the Township's self-insured medical plan. The Township provides a 50.0% subsidy of the employee-only premium up to a maximum of $300 per month toward all tiers of coverage. Additionally, the plan provides a Health Reimbursement Account (HRA) benefit of $1,500 for those retirees selecting single coverage and $3,000 for those retirees selecting coverage for themselves and their dependents. Eligibility for the Retiree Medical Plan contributions ends when the retiree becomes eligible for Medicare. The Township contracts with an actuarial consultant to provide an actuarial valuation of the Township's OPEB liability under GASB Statement No. 75. The most recent OPEB liability actuarial valuation was completed in May 2021 for the year ended December 31, 2020. A copy of the report may be obtained by contacting the Finance Director of the Township. The actuarial valuation covering the year ended December 31, 2020 includes 2 retired employees receiving benefits, 38 retirees (fully eligible employees), and 325 active employees who are not fully eligible.

Funding Policy – GASB Statement No. 75 does not require the prefunding of postemployment benefit liabilities. The Township currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. Historically, benefits related to the Other Postemployment Benefits (OPEB) liability have been paid from the General Fund of the Township. There are no stand-alone financial statements for the plan.

The following outlines total and net OPEB liabilities as of December 31, 2020:

OPEB liability:

Actives	$	899,494
Retirees		35,590
Total OPEB liability	$	935,084
Covered employee payroll	$	26,787,000
OPEB liability as a percentage of covered payroll		3.5%

Total OPEB expense for the year ended December 31, 2020 is as follows:

Service cost	$	40,895
Interest cost		23,365
Changes in assumptions or other inputs		2,630
Total OPEB expense	$	66,890

Deferred outflows and deferred inflows of resources related to changes in assumptions were recognized at December 31, 2020 in the amounts of $88,774 and $(99,706), respectively. Deferred outflows related to differences between actual and estimated experience were recognized at December 31, 2019 in the amount of $42,655.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	$	2,631
2022		2,631
2023		2,631
2024		2,631
2025		2,631
Thereafter		18,568
Total	$	31,723

Actuarial Methods and Assumptions – Actuarial valuations include projections based on the substantive plan as understood by the employer and eligible employees and include the type of benefits in force at the date of the valuation and the understood cost sharing arrangements between the Township and eligible employees. The actuarial valuation date was December 31, 2020, and utilized the projected Entry Age Normal Cost Method. It was assumed that postemployment benefits would continue to be paid from general assets of the Township. The valuation results were developed assuming a discount rate of 2.12% and assumed a healthcare cost trend rate of 6.0% for the year ended December 31, 2020 and grading down by 0.5% each year to a 4.5% healthcare cost trend rate. The Medical Consumer Price Index is assumed to increase at a rate of 3.0% each year. The remaining closed amortization period is considered to be 12.5 years beginning January 1, 2020. The valuation assumes that 10.0% of future retirees will participate and enroll under this plan. Actual participation results will be monitored in the future as data becomes available to evaluate this assumption. Health claim costs were developed using 24 months of historical claims experience. Employee salary assumptions are not applicable to the valuation.

Sensitivity of the OPEB liability to the changes in the discount rate:

	1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
Percentage	1.12%	2.12%	3.12%
Net pension (asset) liability	$ 824,000	$ 935,084	$ 1,065,000

Sensitivity of the OPEB liability to the changes in the healthcare cost trend rate:

	1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
Percentage	5.0%	6.0%	7.0%
Net pension (asset) liability	$ 840,000	$ 935,084	$ 1,052,000

The Woodlands Firefighters' Retirement System

Firefighters in The Woodlands Fire Department created The Woodlands Firefighters' Retirement System (the System) effective January 1, 2015, which provides firefighters and their beneficiaries certain retirement, disability, and survivor benefits. The System was established pursuant to Section 3(e) and Section 4 of the Texas Local Fire Fighters Retirement Act (the TLFFRA), as revised. All assets of the plan are held in a trust that is maintained and administered by the Board of Trustees of the System for the exclusive purpose and benefit of all the members, retirees, and beneficiaries of the System. The Township does not have access to, nor can it utilize, the assets within the plan. The System plan is a single employer defined benefit pension plan.

Plan benefits are as follows: Normal retirement benefits are available upon attainment of age 52 and 20 years of credited service. Benefits accrued are 2.5% of average final compensation times credited service for the first 20 years, plus 3.0% of average final compensation times credited service thereafter. Members will only be vested in an annuity benefit upon attaining normal retirement eligibility. Disability benefits are available if total and permanent disability is determined by the Board. Disability benefits are 2.0% of average final compensation times credited service, but not less than 50.0% of average final compensation. Pre-retirement death benefit is available based on 75.0% of the member's accrued benefit at date of death (utilizing at least 20 years of service). During 2018, the System was amended to add a Deferred Retirement Option Program (DROP). A member is eligible for this program after the attainment of age 52 and 20 years of credited service if an election to participate is made while the member is still in active service. Once the DROP is elected, the member is treated as if he or she has retired as of the elected date, although the member will continue to work, and his or her monthly annuity benefit is calculated as of the date of the election. The benefit will be deferred and will commence at the time of the member's actual retirement from the Township Fire Department.

In the December 31, 2020 actuarial valuation, there were 141 active participants, 4 inactive participants not yet receiving benefits, and 2 inactive participants receiving benefits in the plan.

The contribution provisions of the System are authorized by the TLFFRA. The TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the Township. The funding policy of the System requires contributions equal to 12.0% of pay from each firefighter. The rate was elected by the firefighters according to the TLFFRA. The Township currently contributes 12.0% of pay for each active firefighter. There is an unwritten agreement between the Township and the System's Board of Trustees that the Township's contribution rate will neither increase nor decrease. The actuarial valuation includes the assumption that both the participants' and the Township's contribution rates will remain at 12.0%.

Contribution requirements are not required to be actuarially determined; however, TLFFRA requires that each change in plan benefits be first approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed Township contributions provide an adequate contribution arrangement to support the proposed change. At January 1, 2020, the total normal cost rate is 22.0% of normal payroll.

The Township's net pension asset was measured at December 31, 2020 and 2019, and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of that date.

	2020	2019
System fiduciary net position	$ 52,690,572	$ 42,315,851
Total pension liability	(44,985,132)	(39,546,188)
Net pension asset (liability)	$ 7,705,440	$ 2,769,663
System fiduciary net position as a percentage of total pension liability	117.1%	107.0%

The total pension liability in the January 1, 2020 valuation was determined using the following actuarial assumptions:

Investment rate of return: 7.0%
Salary increases: 4.0% to 11.5% based on years of service
Inflation: 2.5%
Discount rate: 7.0%
Mortality rate: PubS-2010 using scale MP-2019

The date of the most recent experience study for which significant assumptions are based upon is not available.

The System's fiduciary net position reported above is the same as reported by the fund. Detailed information about the System's net position is available in the System's separately issued audited financial statements, which are reported using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when due. Benefits paid and contribution refunds are recognized when due and payable. Investments are reported at fair value. The System's audited financial statements may be obtained by writing Jennifer Hanna, Plan Administrator, P. O. Box 1250, Conroe, Texas, 77305.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED RATE OF RETURN
Equities	75%	7.5%
Fixed-income	24%	2.5%
Cash	1%	0.0%

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of this valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 2.74% (based on the weekly rate closest to, but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 7.0%.

Changes in net pension assets are as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION (ASSET) LIABILITY
Balance as of January 1, 2019	$ 33,562,741	$ 32,836,586	$ 726,155
Changes:			
Service cost	2,432,667		2,432,667
Interest	2,514,662		2,514,662
Changes in assumptions	749,231		749,231
Differences between expected and actual experience	430,210		430,210
Contributions – employer		1,461,363	(1,461,363)
Contributions – employee		1,461,364	(1,461,364)
Net investment income		6,835,356	(6,835,356)
Benefit payments, including refunds of employee contributions	(143,323)	(143,323)	
Administrative expense		(135,495)	135,495
Balance as of December 31, 2019	39,546,188	42,315,851	(2,769,663)
Changes:			
Service cost	2,662,746		2,662,746
Interest	2,948,592		2,948,592
Contributions – employer		1,502,558	(1,502,558)
Contributions – employee		1,502,558	(1,502,558)
Net investment income		7,603,615	(7,603,615)
Benefit payments, including refunds of employee contributions	(172,394)	(172,394)	
Administrative expense		(61,616)	61,616
Balance as of December 31, 2020	$ 44,985,132	$ 52,690,572	$ (7,705,440)

Sensitivity of the net pension liability to the changes in the discount rate:

	1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
Percentage	6%	7%	8%
Net pension (asset) liability	$ ($563,075)	$ (7,705,440)	$ (13,605,883)

For the year ended December 31, 2020, the Township recognized pension expense of $20,345. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to the System are as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 790,398	$ 965,847
Changes in assumptions	1,597,268	
Net difference between projected and actual earnings on investments		4,873,342
Total	$ 2,387,666	$ 5,839,189

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ (1,111,071)
2022	(812,187)
2023	(1,676,042)
2024	(787,190)
2025	121,713
Thereafter	813,254
Total	$ (3,451,523)

At December 31, 2020, the Township reported a payable of $87,796 for the outstanding amount of contributions of the System contractually required for the year ended December 31, 2020.

NOTE 18 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance carriers and through Texas Municipal League's Intergovernmental Risk Pool (TML-IRP). The participation of the Township in TML-IRP is limited to payment of premiums for real and personal property, errors and omissions, general liability, and workers' compensation coverage. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Litigation – The Township is a defendant in various lawsuits arising in the normal course of its operations which, in the opinion of management, will not have a material adverse impact on the Township's financial position.

Health Benefits – Effective January 1, 2011, the Township established a self-insurance program for its employees' health benefits. Under this program, the Township is responsible for aggregate claims of $105,000 per person per year. The Township maintains third-party insurance coverage for any losses in excess of such amounts. The change in the balance of claims liability during the past two years is as follows:

Balance at December 31, 2018	$ 273,164
Claims incurred	4,052,168
Claims paid	(4,307,612)
Third-party reimbursement of claims made in excess of $105,000	204,633
Balance at December 31, 2019	222,353
Claims incurred	5,119,013
Claims paid	(6,377,097)
Third-party reimbursement of claims made in excess of $105,000	1,274,113
Balance at December 31, 2020	$ 238,382

The liability for incurred, but not paid liabilities was calculated based on historical trends and known outstanding claims and includes related administrative costs.

APPENDIX B
BOND COUNSEL OPINION

August 17, 2021

WE HAVE ACTED AS BOND COUNSEL for The Woodlands Township (the "Township"), which we also represent on certain other matters, in connection with the issuance by the Township of bonds (the "Bonds") described as follows:

THE WOODLANDS TOWNSHIP $7,275,000 UNLIMITED TAX REFUNDING BONDS, SERIES 2021, initially dated August 1, 2021, and delivered to the initial purchasers thereof on the date hereof.

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. In such regard, we have not investigated or verified original proceedings, records, data or other material, but have relied upon certificates executed by officers, agents and representatives of the Township and other public officials. We have assumed no responsibility with respect to the financial condition of the Township or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Township's Official Statement, dated July 20, 2021, has been limited as described therein.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified materials pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the Township, including the order authorizing the issuance, sale and delivery of the Bonds, together with customary certificates of officers, agents and representatives of the Township, and other certified showings relating to the authorization and issuance of the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION THAT the Township has been validly created and organized; the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective; therefore, the Bonds are valid and legally binding obligations of the Township, and all taxable property in the Township is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount.

We express no opinion as to any federal, state or local tax consequences resulting from the acquisition, ownership, carrying or disposition of the Bonds, nor do we express any opinion with respect to any legislation, rules or regulations affecting the Bonds which may be enacted or promulgated after the date hereof.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result. Rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the certificates referenced above that we deem relevant to such opinions.

The Township's obligations with respect to the Bonds are subject to limitation by applicable federal bankruptcy, insolvency, moratorium or reorganization and other similar laws which may from time to time affect the rights of creditors of political subdivisions generally or by general principles of equity which limit the exercise of judicial discretion.

The Bonds are obligations solely of the Township and are not obligations of the State of Texas, Harris County, Texas, Montgomery County, Texas, or any other entity.

APPENDIX C
SPECIAL TAX COUNSEL OPINION

BRACEWELL

August 17, 2021

We have acted as special tax counsel to The Woodlands Township (the "Township") in connection with an issue of bonds (the "Bonds") described as follows:

> The Woodlands Township Unlimited Tax Refunding Bonds, Series 2021, aggregating $7,275,000 in initial principal amount and initially dated as of August 1, 2021.

Capitalized terms used, but not defined, herein have the meanings given to such terms in the order adopted by the Township for purposes of authorizing the issuance of the Bonds (the "Order").

We have acted as special tax counsel for the sole purpose of rendering an opinion with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied upon certificates executed by officers, agents and representatives of the Township and other public officials. We have assumed no responsibility with respect to the financial condition of the Township or the reporting or disclosure thereof in connection with the sale of the Bonds. We have acted only as special tax counsel. We understand that the Township's bond counsel, Schwartz, Page & Harding, L.L.P. ("Bond Counsel"), is not responsible for our opinion as special tax counsel and our law firm is not responsible for any of the matters that are the subject of opinions rendered by Bond Counsel. In like manner, neither Bond Counsel nor our law firm has exercised joint responsibility or supervised the work of the other firm with respect to the Bonds or the proceedings relating to the same, but Bond Counsel has been solely responsible therefor, and we have been solely responsible only for our opinion as special tax counsel. The two firms are not part of a partnership and each firm is an independent entity.

In our capacity as special tax counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Township; customary certificates of officers, agents and representatives of the Township and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein.

In providing the opinion set forth herein, we have relied on representations and certifications of the Township and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Township and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order, including, but not limited to, covenants relating to the tax-exempt status of the Bonds. We have further relied upon legal opinions of the Attorney General of the State of Texas and of Bond Counsel of even date herewith regarding the legality and validity of the Bonds under the Constitution and laws of the State of Texas.

Based on such examination, it is our opinion that interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the United States of America. Further, in the event that the representations of the Township and other parties upon which we have relied are determined to be inaccurate or incomplete or the Township fails to comply with the covenants of the Order, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.