

OFFICIAL STATEMENT DATED NOVEMBER 29, 2021

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District (herein defined) has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE – Book Entry Only

Utility Bonds: S&P Global Ratings (AGM Insured) "AA"
Moody's Investors Service (AGM Insured) "A2"
Road Bonds: S&P Global Ratings (BAM Insured) "AA"
The Bonds: Moody's Investors Service (Underlying) "Baa3"
See "MUNICIPAL BOND INSURANCE – UTILITY BONDS," "– ROAD BONDS," and "RATINGS."

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

(A Political Subdivision of the State of Texas, located within Tarrant County)

\$1,255,000
Unlimited Tax Bonds
Series 2021A

\$1,065,000
Unlimited Tax Road Bonds
Series 2021

Interest accrues from: December 1, 2021

Due: September 1, as shown below

The \$1,255,000 Unlimited Tax Bonds, Series 2021A (the "Utility Bonds") and the \$1,065,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds", and together with the Utility Bonds, the "Bonds") are solely obligations of Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District") and are not obligations of the State of Texas; Tarrant County, Texas; the City of Fort Worth, Texas (the "City"); or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Tarrant County, Texas, the City, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to 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) of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such Beneficial Owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor paying agent/registrar (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 "THE BONDS – Book-Entry-Only System."

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds accrues from December 1, 2021 and is payable on March 1, 2022, and each September 1 and March 1 thereafter (each an "Interest Payment Date") to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds are issuable in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof in fully registered form only.

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

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



The scheduled payment of principal of and interest on the Road Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Road Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**



The Utility Bonds constitute the fifth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing a water, sewer, and drainage system to serve the District (the "Utility System") and the Road Bonds constitute the seventh series of unlimited tax bonds to be issued by the District for the purpose of purchasing, constructing, acquiring and maintaining a road system to serve the District (the "Road System"). Voters of the District authorized the issuance of the following: \$52,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System within the District, \$22,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, \$78,000,000 principal amount of unlimited tax refunding bonds for Utility System purposes and \$33,000,000 principal amount of unlimited tax refunding bonds for Road System purposes. Following the issuance of the Bonds, \$38,990,000 principal amount unlimited tax bonds for Utility System purposes, \$11,010,000 principal amount of unlimited tax bonds for Road System purposes, \$77,900,000 principal amount of unlimited tax refunding bonds for Utility System purposes and \$32,900,000 principal amount of unlimited tax refunding bonds for Road System purposes will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of continuing, direct annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District.

Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Dallas, Texas, Bond Counsel to the District. The Bonds are expected to be available for delivery through the facilities of DTC on or about December 28, 2021. See "LEGAL MATTERS."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$1,255,000 Unlimited Tax Bonds, Series 2021A

\$285,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 538081 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 538081 (b)
2023	\$ 35,000	4.500%	0.550%	ME7	2027 (c)	\$ 40,000	2.000%	1.200%	MJ6
2024	40,000	4.500%	0.700%	MF4	2028 (c)	45,000	2.000%	1.400%	MK3
2025	40,000	4.500%	0.850%	MG2	2029 (c)	45,000	2.000%	1.600%	ML1
2026	40,000	4.500%	1.000%	MH0					

\$970,000 Term Bonds

\$140,000 Term Bond due September 1, 2032 (c)(d) Interest Rate: 2.000% (Price: \$99.521) (a) CUSIP No. 538081 MP2 (b)
 \$150,000 Term Bond due September 1, 2035 (c)(d) Interest Rate: 2.125% (Price: \$96.808) (a) CUSIP No. 538081 MS6 (b)
 \$225,000 Term Bond due September 1, 2039 (c)(d) Interest Rate: 2.500% (Price: \$98.588) (a) CUSIP No. 538081 MW7 (b)
 \$455,000 Term Bond due September 1, 2046 (c)(d) Interest Rate: 2.750% (Price: \$98.750) (a) CUSIP No. 538081 ND8 (b)

\$1,065,000 Unlimited Tax Road Bonds, Series 2021

\$150,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 538081 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 538081 (b)
2023	\$ 45,000	4.250%	0.500%	NE6	2025	\$ 55,000	4.250%	0.850%	NG1
2024	50,000	4.250%	0.700%	NF3					

\$915,000 Term Bonds

\$100,000 Term Bond due September 1, 2027 (c)(d) Interest Rate: 4.000% (Price: \$112.448) (a) CUSIP No. 538081 NJ5 (b)
 \$95,000 Term Bond due September 1, 2029 (c)(d) Interest Rate: 4.000% (Price: \$111.484) (a) CUSIP No. 538081 NL0 (b)
 \$120,000 Term Bond due September 1, 2032 (c)(d) Interest Rate: 3.000% (Price: \$105.126) (a) CUSIP No. 538081 NP1 (b)
 \$125,000 Term Bond due September 1, 2036 (c)(d) Interest Rate: 3.000% (Price: \$104.440) (a) CUSIP No. 538081 NT3 (b)
 \$240,000 Term Bond due September 1, 2041 (c)(d) Interest Rate: 2.625% (Price: \$98.108) (a) CUSIP No. 538081 NY2 (b)
 \$115,000 Term Bond due September 1, 2043 (c)(d) Interest Rate: 1.750% (Price: \$80.183) (a) CUSIP No. 538081 PA2 (b)
 \$120,000 Term Bond due September 1, 2045 (c)(d) Interest Rate: 1.750% (Price: \$78.920) (a) CUSIP No. 538081 PC8 (b)

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- (a) The initial reoffering yield has been provided by the Initial Purchasers (herein defined) and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may be changed for subsequent purchasers. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from December 1, 2021, is to be added to the price.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Financial Advisor (herein defined) or Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers.
- (c) Bonds maturing on September 1, 2027, and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on September 1, 2026, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory redemption as provided under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the 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 District, c/o Coats Rose, P.C, 14755 Preston Road, Suite 600, Dallas, Texas 75254, Bond Counsel to the District.

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

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE – ROAD BONDS” and “APPENDIX C – BAM Specimen Municipal Bond Insurance Policy.”

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Utility Bonds Initial Purchaser"). The Utility Bonds Initial Purchaser has agreed to purchase the Utility Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.014506% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.795983%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by Huntington Securities, Inc. (the "Road Bonds Initial Purchaser"). The Road Bonds Initial Purchaser has agreed to purchase the Road Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 97.185596% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.755482%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

The Utility Bonds Initial Purchaser and the Road Bonds Initial Purchaser are collectively referred to herein as the "Initial Purchasers."

Prices and Marketability

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE – UTILITY BONDS

Utility Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of Series 2021 Bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2021, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At September 30, 2021:

- The policyholders’ surplus of AGM was approximately \$2,910 million.
- The contingency reserve of AGM was approximately \$963 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,124 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiaries Assured Guaranty UK Limited (“AGUK”) and Assured Guaranty (Europe) SA (“AGE”).

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (filed by AGL with the SEC on November 5, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2021 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

AGM makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Utility Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “MUNICIPAL BOND INSURANCE – UTILITY BONDS.”

MUNICIPAL BOND INSURANCE – ROAD BONDS

Road Bond Insurance Policy

Concurrently with the issuance of the Road Bonds, BAM will issue a Municipal Bond Insurance Policy for the Road Bonds (each a “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Road Bonds when due as set forth in the form of the Policy included as “APPENDIX C.”

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell, or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2021, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$504.3 million, \$181.5 million, and \$322.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity, and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold, or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATINGS

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

The Utility Bonds are expected to receive an insured rating of “A2” (stable outlook) from Moody’s Investors Service (“Moody’s”) solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Utility Bonds. An explanation of the ratings may be obtained from Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody’s, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Utility Bonds.

The Road Bonds are expected to receive an insured rating of “AA” from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the Road Bonds. An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. 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 such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect of the market price of the Road Bonds.

Moody’s has assigned an underlying credit rating of “Baa3” to the Bonds. An explanation of the ratings may be obtained from Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned the Bonds other than the ratings of S&P and Moody’s.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District..... Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), a political subdivision of the State of Texas, is located approximately 14 miles west of downtown Fort Worth, Texas, and wholly in the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City"), and within Tarrant County, Texas. See "THE DISTRICT."

The Bonds..... The District is issuing its \$1,255,000 Unlimited Tax Bonds, Series 2021A (the "Utility Bonds") and \$1,065,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds"). The Utility Bonds and the Road Bonds are herein referred to collectively as the "Bonds." The Bonds are dated December 1, 2021 and mature on September 1 in the years and amounts set forth on the inside cover page. Interest accrues from December 1, 2021, at the rates per annum set forth on the inside cover page and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS."

Redemption Provisions Bonds maturing on and after September 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2026, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS - Redemption Provisions - *Optional Redemption*."

The Utility Bonds maturing on September 1, 2023, through September 1, 2029, inclusive, are serial bonds. The Utility Bonds maturing on September 1 in the years 2032, 2035, 2039 and 2046 are term bonds (the "Utility Term Bonds"), which have certain mandatory redemption provisions set out herein under "THE BONDS - Redemption Provisions - *Mandatory Redemption*."

The Road Bonds maturing on September 1, 2023, through September 1, 2025, inclusive, are serial bonds. The Road Bonds maturing on September 1 in the years 2027, 2029, 2032, 2036, 2041, 2043 and 2045 are term bonds (the "Road Term Bonds"), which have certain mandatory redemption provisions set out herein under "THE BONDS - Redemption Provisions - *Mandatory Redemption*."

Authority for Issuance..... The Utility Bonds are the fifth series of bonds issued out of an aggregate of \$52,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing, constructing, acquiring and maintaining a waterworks, wastewater and storm drainage system (the "Utility System") to serve the District.

The Utility Bonds are issued pursuant to the legislation creating the District, the order of the District's Board of Directors authorizing the issuance of the Utility Bonds (the "Utility Bond Order"), an order of the Texas Commission on Environmental Quality (the "TCEQ"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the

District on November 7, 2006, and the general laws of the State of Texas.

The Road Bonds are the seventh series of bonds issued out of an aggregate of \$22,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing, constructing, acquiring, and maintaining the road system (the "Road System") to serve the District.

The Road Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, the order of the District's Board of Directors authorizing the issuance of the Road Bonds (the "Road Bond Order"), and an election held within the District on November 7, 2006. See "THE BONDS - Authority for Issuance" and "- Issuance of Additional Debt."

Source of Payment..... Principal of and interest on each series of the Bonds are payable from the proceeds of two separate continuing direct annual ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Tarrant County, the City or any entity other than the District. See "THE BONDS - Sources of Payment."

Use of Bond Proceeds..... Proceeds from the sale of the Utility Bonds will be used to reimburse the Developer (herein defined) for the construction costs set out herein under "THE BONDS - Use and Distribution of Utility Bond Proceeds." Additionally, proceeds from the Utility Bonds will be used to pay developer interest and certain other costs associated with the issuance of the Utility Bonds. See "THE BONDS - Use and Distribution of Utility Bond Proceeds."

Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for costs associated with certain road improvements set out herein under "THE BONDS - Use and Distribution of Road Bond Proceeds." Additionally, proceeds of the Road Bonds will also be used to pay developer interest and certain costs associated with the issuance of the Road Bonds. See "THE BONDS - Use and Distribution of Road Bond Proceeds."

Qualified Tax-Exempt Obligations..... The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by the District during calendar year 2021 is not reasonably expected to exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."

Outstanding Bonds..... The District has previously issued four series of bonds for the purpose of purchasing, constructing, acquiring, and maintaining the Utility System to serve the District and one series of bonds for the refunding of such bonds. Of such previously issued bonds, \$11,200,000 principal amount of such bonds will remain outstanding as of delivery of the Bonds (the "Outstanding Utility System Bonds"). The District has previously issued six series of bonds for the purpose of purchasing, constructing, acquiring, and maintaining the road system to serve the District (the "Road System") and one series of bonds for the refunding of such bonds. Of such previously issued bonds, \$8,970,000 principal amount of such bonds will remain outstanding as of delivery of the Bonds (the

“Outstanding Road System Bonds”). The Outstanding Utility System Bonds and the Outstanding Road System Bonds are herein referred to as the “Outstanding Bonds.”

Payment Record.....	The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.
Municipal Bond Insurance	Utility Bonds: Assured Guaranty Municipal Corp. (“AGM”). See “MUNICIPAL BOND INSURANCE – UTILITY BONDS.” Road Bonds: Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE – ROAD BONDS.”
Ratings	Utility Bonds: S&P Global Ratings (AGM Insured): “AA.” Moody’s Investors Service (AGM Insured): “A2.” Road Bonds: S&P Global Ratings (BAM Insured): “AA.” Moody’s Investors Service has assigned an underlying rating of “Baa3” to the Bonds. See “MUNICIPAL BOND INSURANCE – UTILITY BONDS,” “MUNICIPAL BOND INSURANCE – ROAD BONDS” and “RATINGS.”
Legal Opinion	Coats Rose, P.C., Dallas, Texas, Bond Counsel. See “LEGAL MATTERS.”
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Dallas, Texas.
Paying Agent/Registrar	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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 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. 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 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 District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District 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.

THE DISTRICT

- Description..... The District is a political subdivision of the State of Texas, and is located in the extraterritorial jurisdiction of the City in Tarrant County, Texas, approximately 14 miles west of the City. The District is located in the White Settlement Independent School District. See “THE DISTRICT – General, and – Description.”
- Authority..... The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT – General.”
- Status of Development
 - Within the District..... The District contains approximately 265 acres. Approximately 204 acres within the District have been developed as the single-family subdivisions of Live Oak Creek, Phases 1 -6 (669 lots). As of October 1, 2021, the District consisted of 662 completed homes, 7 homes under construction and 0 vacant developed lots. The remaining acreage within the District is comprised of approximately 60 undeveloped but developable acres. See “DEVELOPMENT STATUS OF THE DISTRICT.”
- Developers/Principal Landowners..... The current developer of land located within the District is 351 Development LLC, a Texas limited liability company (the “Developer”). L.O. Haywire Investments LP, a Texas limited partnership (“L.O. Haywire Investments”), is a related entity of the Developer that has purchased and holds the land to be developed within the District by the Developer. L.O. Haywire LLC, a Texas limited liability company (“L.O. Haywire”), is another related entity of the Developer that owns the rights to reimbursement from the development activities of the Developer. The Developer, L.O. Haywire Investments and L.O. Haywire are under common control and management. L.O. Haywire Investments currently owns approximately 60 acres that are being held for future development. There can be no assurance given as to when, if ever, such development will occur. See “THE DEVELOPER.”
- Homebuilders Within the District..... The homebuilders within the District are Impression Homes LLC and Stonehollow Homes LLC. The homebuilders are constructing homes on the remaining lots within Live Oak Creek, Phase 6. The homes being marketed in the District range in size from approximately 1,635 square feet to approximately 3,034 square feet and range price from approximately \$308,990 to approximately \$370,990. See “HOMEBUILDERS.”

INVESTMENT CONSIDERATIONS

INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2021 Assessed Valuation.....	\$ 171,392,795 (a)
Estimated Valuation as of May 1, 2021	\$ 193,835,207 (b)
Direct Debt:	
The Outstanding Bonds (as of November 1, 2021).....	\$ 20,170,000
The Bonds	<u>2,320,000</u>
Total.....	\$ 22,490,000
Estimated Overlapping Debt.....	<u>\$ 9,499,087 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 31,989,087</u>
Ratios of Direct Debt to:	
2021 Taxable Assessed Valuation (\$171,392,795)	13.12 %
Estimated Valuation as of May 1, 2021 (\$193,835,207).....	11.60 %
Ratios of Direct and Estimated Overlapping Debt to:	
2021 Taxable Assessed Valuation (\$171,392,795).....	18.66 %
Estimated Valuation as of May 1, 2021 (\$193,835,207)	16.50 %
Utility System Debt Service Fund Balance (as of October 25, 2021)	\$ 295,199 (d)
Road System Debt Service Fund Balance (as of October 25, 2021).....	\$ 269,814 (e)
Utility System Capital Projects Fund Balance (as of October 25, 2021)	\$ 402,458
Road System Capital Projects Fund Balance (as of October 25, 2021)	\$ 3,916
Operating Fund Balance (as of October 25, 2021)	\$ 438,841
2021 Tax Rate	
Utility System Debt Service	\$ 0.430
Road System Debt Service	0.320
Maintenance & Operation	<u>0.250</u>
Total	<u>\$ 1.000 (f)</u>

-
- (a) As certified by the Tarrant Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. This value is net of estimated exemptions. Such amount is only an estimate of the assessed value on May 1, 2021, and may be revised upward or downward once certified by the Appraisal District. Reflects the addition of value of new construction within the District from January 1, 2021, to May 1, 2021. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT - Estimated Overlapping Debt."
- (d) Neither Texas law nor the Utility Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund. At the time of closing on the Utility Bonds, accrued interest from December 1, 2021, will be deposited into the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on the Outstanding Road Bonds or the Road Bonds.
- (e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. At the time of closing on the Road Bonds, accrued interest from December 1, 2021, will be deposited into the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on the Outstanding Utility Bonds or the Utility Bonds.
- (f) See "TAX DATA - Tax Rate Distribution."

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

Average Annual Debt Service Requirements (2022-2046).....	\$ 1,202,540 (a)
Maximum Annual Debt Service Requirements (2033).....	\$ 1,397,694 (a)
Tax Rate per \$100 of Assessed Valuation Required to pay	
Average Annual Debt Service Requirements on the Bonds and	
Outstanding Bonds (2022-2046) at 95% Tax Collections:	
Based Upon 2021 Taxable Assessed Valuation (\$171,392,795).....	\$ 0.74
Based Upon Estimated Valuation as of May 1, 2021 (\$193,835,207).....	\$ 0.66
Tax Rate per \$100 of Assessed Valuation Required to pay	
Maximum Annual Debt Service Requirements on the Bonds and	
Outstanding Bonds (2033) at 95% Tax Collections:	
Based Upon 2021 Taxable Assessed Valuation (\$171,392,795).....	\$ 0.86
Based Upon Estimated Valuation as of May 1, 2021 (\$193,835,207).....	\$ 0.76
Single-Family Homes (including 7 homes under construction)	669 (b)

(a) Includes the Outstanding Bonds and the Bonds. See "DISTRICT DEBT - Debt Service Requirements."

(b) Approximate as of October 1, 2021.

OFFICIAL STATEMENT

relating to

LIVE OAK CREEK MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT COUNTY

(A Political Subdivision of the State of Texas, located within Tarrant County)

\$1,255,000
Unlimited Tax Bonds
Series 2021A

\$1,065,000
Unlimited Tax Road Bonds
Series 2021

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District") of its \$1,065,000 Unlimited Tax Bonds, Series 2021A (the "Utility Bonds") and \$1,255,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds"). The Utility Bonds and the Road Bonds are herein referred to collectively as the "Bonds."

The Utility Bonds are issued pursuant to (i) the legislation creating the District, (ii) a bond order ("Utility Bond Order") adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Utility Bonds, (iii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iv) an election held by the District on November 7, 2006, and (v) an order by the Texas Commission on Environmental Quality (the "TCEQ").

The Road Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution, as amended, and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, (ii) a bond order (the "Road Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Road Bonds, and (iii) an election held within the District on November 7, 2006.

The Utility Bond Order and the Road Bond Order are herein referred to collectively as the "Bond Orders." The initial purchaser of the Utility Bonds (the "Utility Bonds Initial Purchaser") and the initial purchaser of the Road Bonds (the "Road Bonds Initial Purchaser") are herein referred to collectively as the "Initial Purchasers."

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Orders, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders. Copies of the Bond Orders may be obtained from the District upon request to Bond Counsel. The Bond Orders authorize the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will mature on September 1 in the years and principal amounts, and will bear interest from December 1, 2021 at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable March 1, 2022, and semiannually thereafter on each September 1 and March 1 until maturity or redemption.

The Bonds will be issued only in fully registered form in any integral multiples of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to

the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “Book-Entry-Only System” Below.

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners (“Registered Owners”) as shown on the bond register (the “Register”) kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

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

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchase of each Bond

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Paying Agent/Registrar

The Board has selected The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The initial designated payment office for the Bonds is located in Dallas, Texas. Provision is made in the Bond Orders for removal of the Paying Agent/Registrar, provided that no such removal shall be effective until a successor paying agent/registrar shall have accepted the duties of the Paying Agent/Registrar under the provisions of the Bond Orders. Any successor paying agent/registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or of any state authorized under such laws to exercise trust powers, shall have a combined capital and surplus of at least \$50,000,000, shall be subject to supervision or examination by federal or state authority, shall be registered as a transfer agent with the United States Securities and Exchange Commission and shall have a corporate trust office in the State of Texas.

Record Date

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be of the same series and in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

Voters in the District have authorized a total of \$52,000,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining a waterworks, wastewater and storm drainage system to serve the District (the "Utility System") and \$78,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds, and \$22,000,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining a road system to serve the District (the "Road System") and \$33,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Utility Bonds are issued by the District pursuant to the terms and conditions of (i) the legislation creating the District, (ii) the Utility Bond Order, (iii) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly including Chapters 49 and 54 of the Texas Water Code, as amended, (iv) an election held by the District on November 7, 2006, and (v) an order by the TCEQ.

The Road Bonds are issued by the District pursuant to (i) Article III, Section 52 of the Constitution and the general laws of the State, including particularly Chapters 49, 53, and 54 of the Texas Water Code, as amended; (ii) an election held within the District on November 7, 2006; and (iii) the Road Bond Order.

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

Issuance of Additional Debt

The Utility Bonds are the fifth series of unlimited tax bonds issued by the District for the Utility System. The Road Bonds are the seventh series of unlimited tax road bonds issued by the District for the Road System. Following the issuance of the Bonds, the following will remain authorized but unissued: \$38,990,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining the Utility System to serve the District and \$77,900,000 unlimited tax bonds for the purpose of refunding such bonds, and \$11,010,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining the Road System to serve the District and \$32,900,000 unlimited tax bonds for the purpose of refunding such bonds. The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

Election Date	Purpose	Amount Authorized	Amount Issued	Remaining Authorized But Unissued
November 7, 2006	Water, Sewer, & Drainage	\$ 52,000,000	\$ 13,010,000 (a)	\$ 38,990,000
November 7, 2006	Road	22,000,000	10,990,000 (b)	11,010,000
November 7, 2006	Water, Sewer & Drainage Refunding	78,000,000	100,000	77,900,000
November 7, 2006	Road Refunding	33,000,000	100,000	32,900,000

(a) Includes the Utility Bonds.

(b) Includes the Road Bonds.

The Bond Orders impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District.

Bonds issued by the District for the Utility System, such as the Utility Bonds, are subject to prior approval by the TCEQ. Such agency has in place certain "economic feasibility rules" which for districts located in Tarrant County limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding \$1.20 per \$100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads, such as the Road Bonds, currently are not subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of \$2.50 per \$100 valuation imposed by the Office of the Attorney General of Texas. See "SELECTED FINANCIAL INFORMATION."

Additionally, the District has agreed, through an operating agreement between the District and the City, that it will not issue more than \$24,000,000 in principal amount of bonds (excluding refunding bonds) to reimburse the developer(s) within the District without additional written consent from the City. The issuance of the Bonds will bring the total amount of bonds issued by the District to \$24,000,000. Therefore, any additional bond issuances will require additional approval/consent from the City.

Source of Payment

The Bonds are payable from the proceeds of two continuing direct annual ad valorem taxes levied without legal limitation as to rate or amount against all taxable property located within the District. In the Bond Orders, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service

Fund and used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may hereafter be issued by the District.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2027, shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the series and maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain series and maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by a random selection method in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond of the same maturity in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Utility Bonds maturing on September 1 in the years 2032, 2035, 2039 and 2046 are term bonds (the "Utility Term Bonds") and the Road Bonds maturing on September 1 in the years 2027, 2029, 2032, 2036, 2041, 2043 and 2045 are also term bonds (the "Road Term Bonds," and together with the Utility Term Bonds, the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

The Utility Term Bonds

\$140,000 Term Bond due September 1, 2032

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2030	\$ 45,000
September 1, 2031	45,000
September 1, 2032 (maturity)	<u>50,000</u>
	\$ 140,000

\$150,000 Term Bond due September 1, 2035

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2033	\$ 50,000
September 1, 2034	50,000
September 1, 2035 (maturity)	<u>50,000</u>
	\$ 150,000

\$225,000 Term Bond due September 1, 2039

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2036	\$ 55,000
September 1, 2037	55,000
September 1, 2038	55,000
September 1, 2039 (maturity)	<u>60,000</u>
	\$ 225,000

\$455,000 Term Bond due September 1, 2046

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2040	\$ 60,000
September 1, 2041	60,000
September 1, 2042	65,000
September 1, 2043	65,000
September 1, 2044	65,000
September 1, 2045	70,000
September 1, 2046 (maturity)	<u>70,000</u>
	\$ 455,000

The Road Term Bonds

\$100,000 Term Bond due September 1, 2027

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2026	\$ 45,000
September 1, 2027 (maturity)	<u>55,000</u>
	\$ 100,000

\$95,000 Term Bond due September 1, 2029

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2028	\$ 50,000
September 1, 2029 (maturity)	<u>45,000</u>
	\$ 95,000

\$120,000 Term Bond due September 1, 2032

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2030	\$ 40,000
September 1, 2031	45,000
September 1, 2032 (maturity)	<u>35,000</u>
	\$ 120,000

\$125,000 Term Bond due September 1, 2036

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2033	\$ 35,000
September 1, 2034	35,000
September 1, 2035	30,000
September 1, 2036 (maturity)	<u>25,000</u>
	\$ 125,000

\$240,000 Term Bond due September 1, 2041

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2037	\$ 30,000
September 1, 2038	50,000
September 1, 2039	50,000
September 1, 2040	55,000
September 1, 2041 (maturity)	<u>55,000</u>
	\$ 240,000

\$115,000 Term Bond due September 1, 2043

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2042	\$ 55,000
September 1, 2043 (maturity)	<u>60,000</u>
	\$ 115,000

\$120,000 Term Bond due September 1, 2045

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2044	\$ 60,000
September 1, 2045 (maturity)	<u>60,000</u>
	\$ 120,000

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

Outstanding Bonds

The District has previously issued four series of bonds for the purpose of purchasing, constructing, acquiring, and maintaining the Utility System to serve the District and one series of bonds for the refunding of such bonds. Of such previously issued bonds, \$11,200,000 principal amount of such bonds will remain outstanding (the "Outstanding Utility System Bonds") as of delivery of the Bonds. The District has previously issued six series of bonds for the purpose of purchasing, constructing, acquiring, and maintaining the road system to serve the District (the "Road System") and one series of bonds for the refunding of such bonds. Of such previously issued bonds, \$8,970,000 principal amount of such bonds will remain outstanding (the "Outstanding Road System Bonds") as of delivery of the Bonds. The Outstanding Utility System Bonds and the Outstanding Road System Bonds are herein referred to as the "Outstanding Bonds."

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the "City"), the District may be annexed for full purposes by the City without the District's consent, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and, therefore, the District makes no representation that the City will ever annex the District for full purposes and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

Defeasance

The Bond Orders provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place or payment (paying agent) for obligations of the District payable from ad valorem taxes, amounts sufficient to provide for 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 District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. 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 Orders.

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 District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes. In the Bond Orders, the District has specifically reserved the right to call the Bonds for redemption after the defeasance thereof.

Amendments to the Bond Orders

The District may, without the consent of or notice to any Registered Owners, amend the Bond Orders in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Orders, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Orders relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Orders cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do 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 defaults and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce 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 be further limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights and creditors of political subdivisions, such as the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

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Use and Distribution of Utility Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for the improvements and related engineering and land costs as shown below. Additionally, a portion of the proceeds from the Bonds will be used to pay developer interest and certain costs associated with the issuance of the Bonds.

The construction costs described below were compiled by the Engineer, based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the District's financial advisor, Robert W. Baird & Co. Incorporated (the "Financial Advisor").

	<u>Amount</u>
CONSTRUCTION COSTS	
A. Developer Contribution Items	
1. Phase 5 Utility Infrastructure Cost	\$ 990,000
Total Developer Contribution Items	\$ 990,000
B. District Items	
None	\$ -
Total District Items	\$ -
TOTAL CONSTRUCTION COSTS	\$ 990,000
NONCONSTRUCTION COSTS	
A. Legal Fees	\$ 37,650
B. Fiscal Agent Fees	25,100
C. Interest	
1. Developer Interest	85,495
D. Bond Discount	37,468
E. Bond Issuance Expenses	34,895
F. TCEQ Bond Issuance Fee	3,137
G. Attorney General Fee	1,255
H. Bond Application Report	<u>40,000</u>
TOTAL NONCONSTRUCTION COSTS	\$ 265,000
TOTAL BOND ISSUE REQUIREMENT	<u>\$ 1,255,000</u>

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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Use and Distribution of Road Bond Proceeds

Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for costs associated with certain road improvements serving the District as set out below. In addition, proceeds from the Road Bonds will be used to pay developer interest and certain other costs associated with the issuance of the Road Bonds.

	<u>District's Share</u>
<u>Construction Costs</u>	
A. Phase 5 Roadway Infrastructure Cost	\$ 101,508
B. Phase 5 Engineering and Surveying	108,330
C. Phase 5 Roadway and Right-of-Way Cost	159,000
D. Phase 5 City Fees	74,130
E. Phase 6 Roadway Infrastructure Cost	384,758
F. Phase 6 Engineering and Surveying	40,738
G. Phase 6 City Fees	<u>23,085</u>
TOTAL CONSTRUCTION COSTS	<u>\$ 891,549</u>
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 31,625
B. Fiscal Agent Fees	21,300
C. Interest Costs	
1. Developer Interest	39,669
D. Bond Discount	29,973
E. Bond Issuance Expenses	34,819
F. Attorney General Fees	1,065
F. Engineering Fees	<u>15,000</u>
TOTAL NON-CONSTRUCTION COSTS	<u>\$ 173,451</u>
TOTAL BOND ISSUE REQUIREMENT	<u>\$1,065,000</u>

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. In the instance that actual costs exceed previously approved estimated amounts and contingencies, the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be raised by taxation against all or a portion of the property within the District.

2021 Assessed Valuation	\$ 171,392,795 (a)
Estimated Valuation as of May 1, 2021	\$ 193,835,207 (b)
Direct Debt:	
The Outstanding Bonds (as of November 1, 2021)	\$ 20,170,000
The Bonds	<u>2,320,000</u>
Total	\$ 22,490,000
Estimated Overlapping Debt	<u>\$ 9,499,087 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 31,989,087</u>
Ratios of Direct Debt to:	
2021 Taxable Assessed Valuation (\$171,392,795)	13.12 %
Estimated Valuation as of May 1, 2021 (\$193,835,207)	11.60 %
Ratios of Direct and Estimated Overlapping Debt to:	
2021 Taxable Assessed Valuation (\$171,392,795)	18.66 %
Estimated Valuation as of May 1, 2021 (\$193,835,207)	16.50 %
Utility System Debt Service Fund Balance (as of October 25, 2021)	\$ 295,199 (d)
Road System Debt Service Fund Balance (as of October 25, 2021)	\$ 269,814 (e)
Utility System Capital Projects Fund Balance (as of October 25, 2021)	\$ 402,458
Road System Capital Projects Fund Balance (as of October 25, 2021)	\$ 3,916
Operating Fund Balance (as of October 25, 2021)	\$ 438,841
2021 Tax Rate	
Utility System Debt Service	\$ 0.430
Road System Debt Service	0.320
Maintenance & Operation	<u>0.250</u>
Total	<u>\$ 1.000 (f)</u>

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- (a) As certified by the Tarrant Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. This value is net of estimated exemptions. Such amount is only an estimate of the assessed value on May 1, 2021, and may be revised upward or downward once certified by the Appraisal District. Reflects the addition of value of new construction within the District from January 1, 2021, to May 1, 2021. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT - Estimated Overlapping Debt."
- (d) Neither Texas law nor the Utility Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund. At the time of closing on the Utility Bonds, accrued interest from December 1, 2021, will be deposited into the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on the Outstanding Road Bonds or the Road Bonds.
- (e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. At the time of closing on the Road Bonds, accrued interest from December 1, 2021, will be deposited into the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on the Outstanding Utility Bonds or the Utility Bonds.
- (f) See "TAX DATA - Tax Rate Distribution."

Average Annual Debt Service Requirements (2022-2046).....	\$	1,202,540 (a)
Maximum Annual Debt Service Requirements (2033).....	\$	1,397,694 (a)
Tax Rate per \$100 of Assessed Valuation Required to pay		
Average Annual Debt Service Requirements on the Bonds and		
Outstanding Bonds (2022-2046) at 95% Tax Collections:		
Based Upon 2021 Taxable Assessed Valuation (\$171,392,795).....	\$	0.74
Based Upon Estimated Valuation as of May 1, 2021 (\$193,835,207).....	\$	0.66
Tax Rate per \$100 of Assessed Valuation Required to pay		
Maximum Annual Debt Service Requirements on the Bonds and		
Outstanding Bonds (2033) at 95% Tax Collections:		
Based Upon 2021 Taxable Assessed Valuation (\$171,392,795).....	\$	0.86
Based Upon Estimated Valuation as of May 1, 2021 (\$193,835,207).....	\$	0.76
Single-Family Homes (including 7 homes under construction)		669 (b)

(a) Includes the Outstanding Bonds and the Bonds. See "DISTRICT DEBT - Debt Service Requirements."

(b) Approximate as of October 1, 2021.

Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Outstanding Debt as of September 30, 2021	Percent of Assessed Valuation	Overlapping Amount
Tarrant County	\$ 213,675,000	0.08%	\$ 165,665
Tarrant County College District	255,995,000	0.08	195,752
Tarrant County Hospital District	14,495,000	0.08	11,212
White Settlement Independent School District	145,894,339	6.26	<u>9,126,458</u>
TOTAL ESTIMATED OVERLAPPING DEBT			\$ 9,499,087
Direct Debt			<u>22,490,000</u> (a)
TOTAL DIRECT & ESTIMATED OVERLAPPING DEBT			<u>\$ 31,989,087</u> (a)

(a) Includes the Bonds.

Debt Ratios

	2021 Taxable Assessed Valuation	May 1, 2021 Estimated Valuation
Direct Debt (a)	13.12%	11.60%
Total Direct and Estimated Overlapping Debt (a)	18.66%	16.50%

(a) Includes the Bonds.

Debt Service Requirements

Utility System Debt Service

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

Calendar Year	Outstanding Utility System Debt Service	Plus: The Utility Bonds			Total Utility System Debt Service
		Principal	Interest	Utility System Debt Service	
2022	\$ 654,171	\$ -	\$ 25,275	\$ 25,275	\$ 679,446
2023	661,025	35,000	33,700	68,700	729,725
2024	663,075	40,000	32,125	72,125	735,200
2025	665,975	40,000	30,325	70,325	736,300
2026	664,475	40,000	28,525	68,525	733,000
2027	663,825	40,000	26,725	66,725	730,550
2028	664,225	45,000	25,925	70,925	735,150
2029	669,375	45,000	25,025	70,025	739,400
2030	664,225	45,000	24,125	69,125	733,350
2031	663,925	45,000	23,225	68,225	732,150
2032	668,225	50,000	22,325	72,325	740,550
2033	672,219	50,000	21,325	71,325	743,544
2034	670,694	50,000	20,263	70,263	740,956
2035	668,569	50,000	19,200	69,200	737,769
2036	670,900	55,000	18,138	73,138	744,038
2037	527,563	55,000	16,763	71,763	599,325
2038	532,213	55,000	15,388	70,388	602,600
2039	531,325	60,000	14,013	74,013	605,338
2040	530,019	60,000	12,513	72,513	602,531
2041	533,006	60,000	10,863	70,863	603,869
2042	530,588	65,000	9,213	74,213	604,800
2043	532,575	65,000	7,425	72,425	605,000
2044	439,138	65,000	5,638	70,638	509,775
2045	444,163	70,000	3,850	73,850	518,013
2046	173,825	70,000	1,925	71,925	245,750
Totals (a)	\$ 14,759,315	\$ 1,255,000	\$ 473,813	\$ 1,728,813	\$ 16,488,127

(a) Totals may not sum due to rounding.

Road System Debt Service

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

Calendar Year	Outstanding Road System Debt Service	Plus: The Road Bonds		Road System Debt Service	Total Road System Debt Service
		Principal	Interest		
2022	\$ 572,566	\$ -	\$ 23,953	\$ 23,953	\$ 596,519
2023	579,938	45,000	31,938	76,938	656,875
2024	574,763	50,000	30,025	80,025	654,788
2025	574,225	55,000	27,900	82,900	657,125
2026	584,325	45,000	25,563	70,563	654,888
2027	578,825	55,000	23,763	78,763	657,588
2028	584,344	50,000	21,563	71,563	655,906
2029	589,388	45,000	19,563	64,563	653,950
2030	594,025	40,000	17,763	57,763	651,788
2031	593,094	45,000	16,563	61,563	654,656
2032	601,844	35,000	15,213	50,213	652,056
2033	604,988	35,000	14,163	49,163	654,150
2034	602,413	35,000	13,113	48,113	650,525
2035	609,506	30,000	12,063	42,063	651,569
2036	615,813	25,000	11,163	36,163	651,975
2037	611,250	30,000	10,413	40,413	651,663
2038	526,131	50,000	9,625	59,625	585,756
2039	391,869	50,000	8,313	58,313	450,181
2040	396,281	55,000	7,000	62,000	458,281
2041	395,019	55,000	5,556	60,556	455,575
2042	403,244	55,000	4,113	59,113	462,356
2043	305,794	60,000	3,150	63,150	368,944
2044	131,694	60,000	2,100	62,100	193,794
2045	133,413	60,000	1,050	61,050	194,463
Totals (a)	\$ 12,154,747	\$ 1,065,000	\$ 355,622	\$ 1,420,622	\$ 13,575,369

(a) Totals may not sum due to rounding.

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022-2046).....	\$1,202,540
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2033).....	\$1,397,694

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TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Property Tax Code relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. Reference is made to the Property Tax Code for more complete information, including the identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Authority to Levy Taxes

The District is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Orders to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the District may also levy and collect annual ad valorem taxes for the operation and maintenance of the District, the Utility System, the Road System, and for the payment of certain contractual obligations. See "TAX DATA – General."

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such

plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. For the 2021 tax year, the District has adopted an exemption for residents who are disabled or are sixty-five year of age or older of \$5,000.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted by May 1.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the

District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land’s capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant’s right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. See “TAX DATA – Analysis of Tax Base” and “THE DEVELOPERS AND PRINCIPAL LANDOWNERS.”

Exemptions and Tax Payment Installments after Disaster

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

amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Code.

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable

value are classified as “Low Tax Rate Districts.” Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed are classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Low Tax Rate Districts

Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Low Tax Rate District is the current year’s debt service and contract tax rate plus 1.08 times the previous year’s operation and maintenance tax rate.

Developed Districts

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

Developing Districts

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

The District

A determination as to a district’s status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2021 tax year, the Board of Directors has determined that District’s classification is that of a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District’s Rights in the Event of Tax Delinquencies

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

under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, not to exceed \$1.00 per \$100 of assessed valuation, for operation and maintenance purposes. The District levied a 2021 tax rate of \$1.00 per \$100 of assessed valuation composed of a debt service tax rate for the Utility System of \$0.43 per \$100 of assessed valuation, a debt service tax rate for the Road System of \$0.32 per \$100 of assessed valuation, and \$0.25 per \$100 of assessed valuation for operation and maintenance purposes.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Operations and Maintenance:	\$1.00 per \$100 Assessed Valuation.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2016 -2021 tax years:

Tax Year	Assessed Valuation	Tax Rate/ \$100 (a)	Adjusted Levy	% Collections Current Year	Fiscal Year Ending 09/30	% Collections as of 09/30/2021
2017	\$ 64,404,339	0.990	\$ 637,603	99.99%	2018	100.00%
2018	72,073,737	1.000	720,737	99.99%	2019	100.00%
2019	93,741,763	1.000	937,418	99.99%	2020	100.00%
2020	130,085,665	1.000	1,300,857	99.99%	2021	99.99%
2021	166,063,698	1.000	1,660,637	(b)	2022	(b)

(a) Includes a tax for maintenance and operation purposes. See "- Tax Rate Distribution" below.

(b) In process of collections.

Tax Rate Distribution

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Utility System Debt Service	\$0.430	\$0.340	\$0.430	\$0.225	\$0.270
Road System Debt Service	0.320	0.500	0.440	0.480	0.560
Maintenance & Operations	<u>0.250</u>	<u>0.160</u>	<u>0.130</u>	<u>0.295</u>	<u>0.160</u>
	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$0.990</u>

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value in the tax years 2017-2021 by type of property.

<u>Type of Property</u>	<u>2021 Assessed Valuation</u>	<u>2020 Assessed Valuation</u>	<u>2019 Assessed Valuation</u>	<u>2018 Assessed Valuation</u>	<u>2017 Assessed Valuation</u>
Land	\$172,482,940 (a)	\$ 34,245,678	\$ 24,470,644	\$ 14,294,583	\$ 12,414,142
Improvements	-	99,273,130	72,216,393	59,567,885	52,726,635
Personal Property	1,193,754	1,496,368	803,702	499,156	67,134
Exemptions	<u>(7,612,996)</u>	<u>(4,929,511)</u>	<u>(3,748,346)</u>	<u>(2,287,887)</u>	<u>(803,572)</u>
Total	\$ 166,063,698	\$ 130,085,665	\$ 93,741,763	\$ 72,073,737	\$ 64,404,339

(a) The breakdown of Land and Improvements was not available as of the date of certification of the 2021 value. The value listed is the combined total of these categories.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2021:

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2021 Tax Roll</u>
Oncor Electric Delivery Co LLC	Personal Property	\$ 1,119,540
Impression Homes LLC (a)	Land & Improvements	870,000
L.O. Haywire Investments LP (b)	Land & Improvements	734,310
Live Oak 40 Development LLC	Land & Improvements	576,751
Homeowner	Land & Improvements	427,474
Homeowner	Land & Improvements	414,353
Homeowner	Land & Improvements	410,000
Homeowner	Land & Improvements	403,560
Homeowner	Land & Improvements	400,420
Homeowner	Land & Improvements	<u>394,291</u>
Total		<u>\$ 5,750,699</u>
%		3.36%

(a) See "HOMEBUILDERS."

(b) See "DEVELOPER" and "INVESTMENT CONSIDERATIONS – Economic Factors Affecting Taxable Value and Tax Payments."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2021 Taxable Assessed Valuation (\$171,392,795) or the Estimated Valuation as of May 1, 2021 (\$193,835,207). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2022–2046).....	\$ 1,202,540
Debt Service Tax Rate of \$0.74 on the 2021 Assessed Valuation produces.....	\$ 1,204,891
Debt Service Tax Rate of \$0.66 on the Estimated Valuation as of May 1, 2021, produces.....	\$ 1,215,347
Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2033).....	\$ 1,397,694
Debt Service Tax Rate of \$0.86 on the 2021 Assessed Valuation produces.....	\$ 1,400,279
Debt Service Tax Rate of \$0.76 on the Estimated Valuation as of May 1, 2021, produces.....	\$ 1,399,490

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2021 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

<u>Taxing Jurisdiction</u>	<u>2021 Tax Rate/ Per \$100 of A.V.</u>
The District	\$1.000000
Tarrant County	0.229000
Tarrant County College District	0.130170
Tarrant County Hospital District	0.224429
Tarrant County Emergency Service District No. 1	0.081900
White Settlement ISD	<u>1.460300</u>
Estimated Total Tax Rate	<u>\$3.125799</u>

THE DISTRICT

General

The District is a political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District was created by Special Act of the Texas Legislature, House Bill No. 3530, passed in May 2005 (now codified as Chapter 8139; Texas Special District Local Laws Code). The District was originally named City of Fort Worth Municipal Utility District No. 2 of Tarrant County in the Special Act. The District’s name was changed to Live Oak Creek Municipal Utility District No. 1 of Tarrant County by Order issued by the TCEQ on June 13, 2007. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. In addition, the District is authorized to purchase, construct, operate and maintain roads. The District is also authorized to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate

and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Description

The District is located in the extraterritorial jurisdiction of the City in Tarrant County, Texas, approximately 14 miles west of the City. The District is located in the White Settlement Independent School District. The District contains approximately 264.528 acres.

Management of the District

The District is governed by a board of five directors which has control over and management supervision of all affairs of the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Neal Morris	President	2022
Amy May	Vice President	2022
Mark Ratliff	Secretary	2024
Nathan Golik	Assistant Secretary	2024
Shannon Robinson	Assistant Secretary	2022

The District has contracted with following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector – The District's Tax Assessor/Collector is the Tarrant County Tax Office.

Bookkeeper – The District contracts with Cindy Schmidt for bookkeeping services.

Utility System Operator – The District’s operator is Inframark.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. A copy of the District’s audit prepared by McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended February 28, 2021, is included as “APPENDIX A” to this Official Statement.

Engineer – The consulting engineer engaged by the District in connection with the design and construction of the District’s facilities is Peloton Land Solutions (the “Engineer”).

Bond Counsel – The District employs Coats Rose, P.C., Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Coats Rose, P.C. also acts as general counsel for the District.

Disclosure Counsel – The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel in connection with the issuance of the Bonds. The legal fees to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Utility Agreement with the City

The District and the Developer entered into an agreement with the City (the "Utility Agreement") in 2006. Pursuant to the Utility Agreement, the District has agreed to acquire and construct, for ultimate conveyance to the City, the water distribution, wastewater collection and certain drainage facilities to serve development occurring within the boundaries of the District (the "District Utility Facilities").

The District Facilities: The Utility Agreement provides that the District Utility Facilities will be designed and constructed in accordance with the City's requirements and criteria. See "THE SYSTEM – Description of the System".

Authority of District to Issue Bonds: The District has the authority to issue, sell, and deliver bonds as permitted by law and the City's consent resolution. Bonds issued by the District are obligations solely of the District and shall not be construed to be obligations or indebtedness of the City.

Ownership, Operation, and Maintenance of the District Utility Facilities: Upon approval and acceptance of the District Utility Facilities by the City, the District shall convey legal title to the District Utility Facilities to the City. Upon acceptance of the District Utility Facilities by the District, the District will acquire a capacity interest in the District Utility Facilities in an amount equal to the capacity funded by or on behalf of the District, which capacity interest shall be reserved for and available to provide water and wastewater service to customers within the District, provided development occurs in substantial compliance with the development agreement between the City and the Developer.

Upon dedication of the District Utility Facilities to the City, the City will operate and maintain such facilities. If repairs to roads within the District are needed as a result of repair or maintenance of the District Utility Facilities by the City, the District shall perform such repairs at its own expense.

Water and Sewer Capacity and Service: The District pays impact fees to the City for water and wastewater capacity in the City's water and wastewater treatment plants. The City also charges tap and service connection fees in an amount equal to the amount if the services were provided within the City's corporate limits. The City bills and collects for retail water and sewer service to customers within the District at the rates established by the City for service within the City's extraterritorial jurisdiction. See "THE SYSTEM – Description of the System."

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DEVELOPMENT STATUS OF THE DISTRICT

The District contains approximately 265 acres. Approximately 204 acres within the District have been developed as the single-family subdivisions of Live Oak Creek, Phases 1 -6 (669 lots). As of October 1, 2021, the District consisted of 662 completed homes, 7 homes under construction and 0 vacant developed lots. The remaining acreage within the District is comprised of approximately 60 undeveloped but developable acres.

The table below summarizes the development within the District as of October 1, 2021, by section.

	Approximate Acreage	Lots	Homes		Vacant Developed Lots
			Completed	Under Construction	
Live Oak Creek, Phase 1 (a)	92.263	237	236	1	-
Live Oak Creek, Phase 2	9.706	40	40	-	-
Live Oak Creek, Phase 3A	12.602	61	61	-	-
Live Oak Creek, Phase 3B	11.109	57	57	-	-
Live Oak Creek, Phase 4	27.202	100	100	-	-
Live Oak Creek, Phase 5	32.785	102	100	2	-
Live Oak Creek, Phase 6	18.443	72	68	4	-
Totals	204.110	669	662	7	-
Remaining Undeveloped but Developable Acres	60.418				
Total	264.528				

(a) Approximately 17.014 acres of undevelopable land are included in Live Oak Creek, Phase 1

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(March 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(March 2021)



DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district, designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater, and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

The Developer

The current developer of land located within the District is 351 Development LLC, a Texas limited liability company (the "Developer"). L.O. Haywire Investments LP, a Texas limited partnership ("L.O. Haywire Investments"), is a related entity of the Developer that has purchased and holds the land to be developed within the District by the Developer. L.O. Haywire LLC, a Texas limited liability company ("L.O. Haywire"), is another related entity of the Developer that owns the rights to reimbursement from the development activities of the Developer. The Developer, L.O. Haywire Investments and L.O. Haywire are under common control and management. L.O. Haywire Investments currently owns approximately 60 acres that are being held for future development. There can be no assurance given as to when, if ever, such development will occur.

Development Financing

The Developer is financing the development of the land within the District with available cash on hand.

Lot Sales Contracts

The Developer has entered into lot sales contracts with Impression Homes LLC ("Impression Homes") and Stonehollow Homes LLC ("Stonehollow Homes") to purchase 234 of 237 lots within Live Oak Creek, Phase 1, all 102 lots within Live Oak Creek, Phase 5, and all 72 lots within Live Oak Creek, Phase 6. According to the Developer, Impression Homes and Stonehollow Homes are in compliance with their respective lot sales contracts.

HOMEBUILDERS

The homebuilders within the District are Impression Homes LLC and Stonehollow Homes LLC. The homebuilders are constructing homes on the remaining lots within Live Oak Creek, Phases 3A and 6. The homes being marketed in the District range in size from approximately 1,635 square feet to approximately 3,034 square feet and range price from approximately \$308,990 to approximately \$370,990.

THE SYSTEM

General

The Utility System and Road System improvements, the purchase, acquisition, and construction of which have been and will be financed by the District with future bond proceeds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to Peloton Land Solutions (the "Engineer"), the design of the improvements has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Wastewater Treatment and Conveyance System -

The District has contracted with the City for wastewater service to the District (see “THE DISTRICT – Utility Agreement with the City”). The District’s wastewater ultimately flows to the Village Creek Wastewater Treatment Plant (the “WWTP”), which is owned and operated by the City. According to the District’s Engineer, the City has sufficient capacity in the WWTP to serve the District at the projected full development of 696 equivalent single-family connections (“ESFCs”).

- Water Supply and Distribution -

The District’s water supply is provided by the City. The City holds a Certificate of Convenience and Necessity (“CCN”) issued by the TCEQ to provide retail water service. The City has contracted to provide water service to the District. According to the District’s Engineer, the City has sufficient capacity to supply water to the District at the projected full development of 845 ESFCs.

- Drainage -

Stormwater runoff within the District drains through a storm sewer system consisting of inlets and storm sewer piping which eventually discharges into Live Oak Creek. None of the developable acreage within the District lies within the 100-year floodplain.

- Roads -

Construction of the road improvements within the boundaries of the District has been financed with funds advanced by the Developer and reimbursed with proceeds of the Outstanding Road Bonds and the Road Bonds. The roads within the District vary in width in accordance with standards adopted by the County but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. The District owns and maintains the roads within the District.

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Historical Operations of the System

Since the District receives water supply and wastewater services from the City, it is anticipated that the proceeds of the District's maintenance tax will be the only significant source of revenue available to the District to pay for District operations. The following is a summary of the District's general operating fund for the previous five fiscal years. The figures for the fiscal years ended February 2017 through February 2021 were obtained from the District's annual financial reports. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ended February				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	\$ 202,791	\$ 124,223	\$ 209,054	\$ 106,438	\$ 114,084
Penalties and interest	-	-	-	-	10
Investment income	781	4,242	3,102	1,469	625
Total	<u>\$ 203,572</u>	<u>\$ 128,465</u>	<u>\$ 212,156</u>	<u>\$ 107,907</u>	<u>\$ 114,719</u>
Expenditures					
Professional Fees	\$ 98,005	\$ 78,158	\$ 109,539	\$ 67,548	\$ 34,563
Contracted Services	9,168	8,340	6,946	6,728	6,415
Utilities	17,171	18,777	14,504	11,699	10,481
Repairs & Maintenance	45,682	46,358	8,129	7,651	3,791
Other Expenditures	10,419	8,198	8,581	8,626	13,638
Total	<u>\$ 180,445</u>	<u>\$ 159,831</u>	<u>\$ 147,696</u>	<u>\$ 102,252</u>	<u>\$ 68,888</u>
NET REVENUES (Deficit)	<u>\$ 23,127</u>	<u>\$(31,366)</u>	<u>\$ 64,460</u>	<u>\$ 5,655</u>	<u>\$ 45,831</u>
Transfer from Capital Projects Fund	\$ -	\$ 62,250	\$ -	\$ -	\$ -
Beginning fund balance	<u>\$ 496,828</u>	<u>\$ 465,944</u>	<u>\$ 401,484</u>	<u>\$ 395,829</u>	<u>\$ 349,998</u>
Ending fund balance	<u>\$ 519,955</u>	<u>\$ 496,828</u>	<u>\$ 465,944</u>	<u>\$ 401,484</u>	<u>\$ 395,829</u>

INVESTMENT CONSIDERATIONS

General

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

Infections 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. 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 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 District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the District 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.

Economic Factors Affecting Taxable Values and Tax Payments

The rate of development within the District is directly related to the vitality of the single-family housing in the Fort Worth, Texas, metropolitan area, particularly in the price range (\$308,990 - \$370,990) of homes in the District. New single-family residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of single-family residential construction would restrict the growth of property values in the District. Although approximately 669 single-family homes are built or under construction as of October 1, 2021, the District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT STATUS OF THE DISTRICT."

Developer's Obligations to the District: There is no commitment by or legal requirement of the Developer (herein defined), or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the profitability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT STATUS OF THE DISTRICT," and "DEVELOPER."

Dependence on Major Taxpayers and the Developer: The top ten principal taxpayers represent \$5,750,699 or 3.36% of the 2021 Taxable Assessed Valuation, which represents ownership as of January 1, 2021. The Developer and its related entity, L.O. Haywire Investments LP represent \$734,310 or 0.43% of such value. If these or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collections and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2021 Taxable Assessed Valuation of property within the District (see "SELECTED FINANCIAL INFORMATION") is \$171,392,795 and the Estimated Valuation as of May 1, 2021 is \$193,835,207. After issuance of the Bonds, the maximum annual debt service requirement will be \$1,397,694

(2033) and the average annual debt service requirement will be \$1,202,540 (2022 through 2046, inclusive). Assuming no increase or decrease from the 2021 Taxable Assessed Valuation, tax rates of \$0.86 and \$0.74 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirements and the average annual debt service requirements, respectively. See “DISTRICT DEBT – Debt Service Requirements”. Assuming no increase to nor decrease from the Estimated Valuation as of May 1, 2021, tax rates of \$0.76 and \$0.66 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement on the Bonds, respectively. The District levied a tax rate of \$0.750 per \$100 of assessed valuation for combined debt service purposes and a tax rate of \$0.250 per \$100 of assessed valuation for maintenance purposes in 2021.

Tax Collections and Foreclosure Remedies

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

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. 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 District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners’ Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy

protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, 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 such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Future Debt

Following the issuance of the Bonds, the following will remain authorized but unissued: \$38,990,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining the Utility System to serve the District and \$77,900,000 unlimited tax bonds for the purpose of refunding such bonds, and \$11,010,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing, constructing, acquiring and maintaining the Road System to serve the District and \$32,900,000 unlimited tax bonds for the purpose of refunding such bonds. The District reserves in the Bond Orders the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. See "DEVELOPMENT STATUS OF THE DISTRICT."

Following the issuance of the Bonds, the District will owe the Developer approximately \$1,000,000 for the expenditures relating to the Utility System to serve the developed land within the District and approximately \$0 for the expenditures relating to the Road System to serve the developed land within the District.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the Engineer, following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developer for the existing facilities and finance the water, sewer and drainage facilities and roads necessary to serve the remaining undeveloped but developable land within the District.

Bonds issued by the District for the Utility System are subject to prior approval by the TCEQ. Such agency has in place certain "economic feasibility rules" which for districts located in Tarrant County limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding \$1.20 per \$100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads currently are not subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of \$2.50 per \$100 valuation imposed by the Office of the Attorney General of Texas. See "SELECTED FINANCIAL INFORMATION."

Additionally, the District has agreed, through an operating agreement between the District and the City, that it will not issue more than \$24,000,000 in principal amount of bonds (excluding refunding bonds) to reimburse

the developer(s) within the District without additional written consent from the City. The issuance of the Bonds will bring the total amount of bonds issued by the District to \$24,000,000. Therefore, any additional bond issuances will require additional approval/consent from the City.

Future and Proposed Legislation

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

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Orders on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “LEGAL MATTERS - Tax Exemption.”

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement. TCEQ approval of the Road Bonds is not required and, therefore, no engineering report or bond application has been submitted to the TCEQ and neither the Road Bonds, the project, nor the feasibility of the District will be reviewed, considered or approved by the TCEQ with respect to the Road Bonds.

Environmental Regulation and Air Quality

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial, and residential development in the Dallas-Fort Worth area. Under the Clean Air Act (“CAA”) Amendments of 1990, a nine-county Dallas-Fort Worth area (“1997 DFW Area”)—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties—has been designated an attainment area under the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”).

However, a ten-county Dallas-Fort Worth area (“2008 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties – has been designated a “moderate” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the 2008 DFW Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

Further, a nine-county Dallas-Fort Worth area (“2015 DFW Area”) – Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties has been designated a “marginal” nonattainment area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of August 3, 2021.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the 2008 and 2015 DFW Areas setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the 2008 and 2015 DFW Areas to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the area’s economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to

renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020 and is currently the subject of ongoing litigation.

In June and July of 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. In light of this order, the EPA and the USACE announced that they have halted implementation of the NWPR and are interpreting “waters of the United States” consistent with the pre-2015 regulatory regime until further notice while continuing to move forward with the rulemakings announced in June of 2021. Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the assessed value of the District or an increase in the District’s tax rates.

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

Bond Insurance Risk Factors

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

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE - UTILITY BONDS," "MUNICIPAL BOND INSURANCE - ROAD BONDS," and "RATINGS" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem property tax levied, without legal

limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law, statutes, regulations, published rulings, and court decisions and interest on the Bonds will not be subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE DISTRICT - General," "THE BONDS," "THE DISTRICT - Utility Agreement with the City," "TAXING PROCEDURES," "LEGAL MATTERS - Legal Proceedings," "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the District by McCall, Parkhurst & Horton LLP, Houston, Texas, Disclosure Counsel. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against the District 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 of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

No Material Adverse Change

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

TAX MATTERS

Opinion

In the opinion of Coats Rose, P.C., Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Orders that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Orders pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District and the Initial Purchasers with

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

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

(Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the

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

State, Local and Foreign Taxes

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

The District has designated the Bonds as “qualified tax-exempt obligations” and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2021 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2021.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (“MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system which is available at www.emma.msrb.org.

Annual Reports

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT FINANCIAL DATA" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," "THE SYSTEM – Historical Operations of the System," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to EMMA.

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

The District's current fiscal year end is the end of February. Accordingly, it must provide updated information by the end of August in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District 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 District 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 a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended February 28, 2021, were prepared by McCall Gibson Swedlund Barfoot PLLC, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, the engineering information included in the sections captioned "DEVELOPMENT STATUS OF THE DISTRICT" and "THE SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "DEVELOPER" and "DEVELOPMENT STATUS OF THE DISTRICT" has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the Tarrant Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchasers a certificate, executed by the President and Secretary of the Board of Directors of the District, acting in their official

capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data, contained in this Official Statement, of or pertaining to entities other than the District, such statements and data have been obtained from sources which the District believes to be reliable, and the District has no reason to believe that they are untrue in any material respect.

Updating the Official Statement

If, subsequent to the date of the Official Statement to and including the date the Initial Purchasers are no longer required to provide and Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchasers of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchasers a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchasers. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchasers (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchasers provide written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchasers provide written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Live Oak Creek Municipal Utility District No. 1 of Tarrant County as of the date specified on the first page hereof.

/s/ Neal Morris
President, Board of Directors
Live Oak Creek Municipal Utility District No. 1 of Tarrant County

ATTEST:

/s/ Mark Ratcliff
Secretary, Board of Directors
Live Oak Creek Municipal Utility District No. 1 of Tarrant County

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY**

TARRANT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2021

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY**

TARRANT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Live Oak Creek Municipal Utility
District No. 1 of Tarrant County
Tarrant County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the "District"), as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 District'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 opinions.

Board of Directors
Live Oak Creek Municipal Utility
District No. 1 of Tarrant County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 28, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 28, 2021

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Management’s discussion and analysis of Live Oak Creek Municipal Utility District No. 1 of Tarrant County’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended February 28, 2021. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,639,330 as of February 28, 2021.

A portion of the District’s net position reflects its net investment in capital and intangible assets (water, wastewater, drainage and road facilities, less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of government-wide changes in net position:

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 2,301,914	\$ 1,968,692	\$ 333,222
Capital and Intangible Assets (Net of Accumulated Depreciation)	<u>17,515,920</u>	<u>17,180,502</u>	<u>335,418</u>
Total Assets	<u>\$ 19,817,834</u>	<u>\$ 19,149,194</u>	<u>\$ 668,640</u>
Deferred Outflows of Resources	<u>\$ 79,477</u>	<u>\$ 87,430</u>	<u>(7,953)</u>
Due to Developer	\$ 4,056,532	\$ 7,946,583	\$ 3,890,051
Bond Anticipation Note Payable	1,815,000	2,785,000	970,000
Long -Term Liabilities	17,284,867	11,191,378	(6,093,489)
Other Liabilities	<u>298,813</u>	<u>241,201</u>	<u>(57,612)</u>
Total Liabilities	<u>\$ 23,455,212</u>	<u>\$ 22,164,162</u>	<u>\$ (1,291,050)</u>
Deferred Inflows of Resources	<u>\$ 1,081,429</u>	<u>\$ 815,524</u>	<u>\$ (265,905)</u>
Net Position:			
Net Investment in Capital Assets	\$ (5,350,459)	\$ (4,411,873)	\$ (938,586)
Restricted	190,430	174,435	15,995
Unrestricted	<u>520,699</u>	<u>494,376</u>	<u>26,323</u>
Total Net Position	<u>\$ (4,639,330)</u>	<u>\$ (3,743,062)</u>	<u>\$ (896,268)</u>

The following table provides a summary of the District's operations for the years ending February 28, 2021, and February 29, 2020. The District's net position decreased by \$896,268.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,021,511	\$ 630,432	\$ 391,079
Other Revenues	<u>8,924</u>	<u>17,524</u>	<u>(8,600)</u>
Total Revenues	<u>\$ 1,030,435</u>	<u>\$ 647,956</u>	<u>\$ 382,479</u>
Expenses for Services	<u>1,926,703</u>	<u>2,036,810</u>	<u>110,107</u>
Change in Net Position	\$ (896,268)	\$ (1,388,854)	\$ 492,586
Net Position, Beginning of Year	<u>(3,743,062)</u>	<u>(2,354,208)</u>	<u>(1,388,854)</u>
Net Position, End of Year	<u>\$ (4,639,330)</u>	<u>\$ (3,743,062)</u>	<u>\$ (896,268)</u>

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of February 28, 2021, were a deficit of \$622,739, a increase of \$1,085,399 from the prior year.

The General Fund fund balance increased by \$23,127, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$124,885, primarily due to the structure of the District’s outstanding long-term debt.

The Capital Projects Fund fund balance increased by \$937,387, primarily due to the Series 2020 Bond Anticipation Note being a lesser amount than the Series 2019 Bond Anticipation Note.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$56,628 less than budgeted primarily due to lower than anticipated maintenance tax revenues. Actual expenditures were \$45,310 more than budgeted primarily due to higher than anticipated professional fees and repairs and maintenance costs.

CAPITAL AND INTANGIBLE ASSETS

Capital assets as of February 28, 2021, total \$10,666,742. These capital assets include drainage and road facilities which the District will be responsible for maintaining. Significant capital asset activity during the current fiscal year were the developer reimbursements for Live Oak Creek Phase 1, Phase 2, Phase 3A, Phase 3B, Phase 4 and Phase 5 utility infrastructure and Live Oak Creek Phase 4 and Phase 5 paving. The developer also constructed Live Oak Creek, Phase 6 paving.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 717,903	\$ 591,912	\$ 125,991
Construction in Progress		6,169	(6,169)
Capital Assets, Net of Accumulated Depreciation:			
Drainage System	3,512,912	3,524,592	(11,680)
Road Facilities	6,435,927	6,154,735	281,192
Total Net Capital Assets	<u>\$ 10,666,742</u>	<u>\$ 10,277,408</u>	<u>\$ 389,334</u>

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

CAPITAL AND INTANGIBLE ASSETS (Continued)

The District is located within the extraterritorial jurisdiction of the City of Fort Worth, Texas (the “City”). In accordance with a Utility Agreement with the City, all water and wastewater facilities are conveyed to the City once constructed and placed in service. The City operates the facilities and is responsible for the maintenance. The District has recognized an intangible asset for the cost of the facilities conveyed which has a February 28, 2021 balance, net of accumulated amortization, of \$6,849,178.

LONG-TERM DEBT ACTIVITY

As of February 28, 2021, the District had total bond debt payable of \$17,350,000. The changes in the debt position of the District during the year ended February 28, 2021, are summarized as follows:

Bond Debt Payable, March 1, 2020	\$ 11,260,000
Add: Bond Sales	6,430,000
Less: Bond Principal Paid	<u>340,000</u>
Bond Debt Payable, February 28, 2021	<u>\$ 17,350,000</u>

The District’s bonds do not carry an underlying rating with the exception of the Series 2020 Utility and Series 2020 Road bonds which carry an underlying rating of Baa3 from Moody’s. The Series 2019 Utility, Series 2019 Road and Series 2020 Refunding bonds carry an insured rating from Standard and Poor’s of “AA” by virtue of bond insurance issued by Build America Assurance Company. The Series 2020 Utility and Series 2020 Road bonds carry an insured rating from Standard and Poor’s of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corporation.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Live Oak Creek Municipal Utility District No. 1 of Tarrant County, c/o Coats Rose, P.C., 14755 Preston Road, Suite 600, Dallas, Texas 75254.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 520,750	\$ 500,159
Investments		745,000
Cash with Fiscal Agent		288,859
Receivables:		
Property Taxes	5,964	31,308
Accrued Interest		38
Due from Other Funds	3,212	
Intangible Assets - Right to Receive Service (Net of Accumulated Amortization)		
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 529,926	\$ 1,565,364
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 529,926	\$ 1,565,364

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 209,836	\$ 1,230,745	\$	\$ 1,230,745
	745,000		745,000
	288,859		288,859
	37,272		37,272
	38		38
662	3,874	(3,874)	
		6,849,178	6,849,178
		717,903	717,903
		<u>9,948,839</u>	<u>9,948,839</u>
<u>\$ 210,498</u>	<u>\$ 2,305,788</u>	<u>\$ 17,512,046</u>	<u>\$ 19,817,834</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 79,477</u>	<u>\$ 79,477</u>
<u>\$ 210,498</u>	<u>\$ 2,305,788</u>	<u>\$ 17,591,523</u>	<u>\$ 19,897,311</u>

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

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 4,007	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		3,874
Due to Taxpayers		772
Accrued Interest at Time of Sale		12,306
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
	<u>\$ 4,007</u>	<u>\$ 16,952</u>
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 5,964	\$ 1,081,429
	<u>\$ 5,964</u>	<u>\$ 1,081,429</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		466,983
Unassigned	519,955	
	<u>\$ 519,955</u>	<u>\$ 466,983</u>
TOTAL FUND BALANCES		
	<u>\$ 519,955</u>	<u>\$ 466,983</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 529,926</u>	<u>\$ 1,565,364</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$	\$	\$
	4,007		4,007
5,175	5,175	288,859	294,034
		4,056,532	4,056,532
	3,874	(3,874)	
	772		772
	12,306	(12,306)	
1,815,000	1,815,000		1,815,000
		440,000	440,000
		16,844,867	16,844,867
<u>\$ 1,820,175</u>	<u>\$ 1,841,134</u>	<u>\$ 21,614,078</u>	<u>\$ 23,455,212</u>
<u>\$ - 0 -</u>	<u>\$ 1,087,393</u>	<u>\$ (5,964)</u>	<u>\$ 1,081,429</u>
\$ (1,609,677)	\$ (1,609,677)	\$ 1,609,677	\$
	466,983	(466,983)	
	519,955	(519,955)	
<u>\$ (1,609,677)</u>	<u>\$ (622,739)</u>	<u>\$ 622,739</u>	<u>\$ -0-</u>
<u>\$ 210,498</u>	<u>\$ 2,305,788</u>		
		\$ (5,350,459)	\$ (5,350,459)
		190,430	190,430
		520,699	520,699
		<u>\$ (4,639,330)</u>	<u>\$ (4,639,330)</u>

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

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2021**

Total Fund Balances - Governmental Funds \$ (622,739)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 79,477

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 17,515,920

Deferred inflows of resources related to property tax revenues for the 2020 and prior maintenance tax levies and the 2019 and prior debt service tax levies became part of recognized revenue in the governmental activities of the District. 5,964

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (4,056,532)	
Accrued Interest Payable	(276,553)	
Bonds Payable	<u>(17,284,867)</u>	<u>(21,617,952)</u>

Total Net Position - Governmental Activities \$ (4,639,330)

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

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**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 202,791	\$ 815,524
Penalty and Interest		183
Investment Revenues	781	7,440
TOTAL REVENUES	\$ 203,572	\$ 823,147
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 98,005	\$
Contracted Services	9,168	14,471
Utilities	17,171	
Repairs and Maintenance	45,682	
Amortization and Depreciation		
Other	10,419	1,159
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		340,000
Bond Interest		364,592
Issuance Costs		
Bond Anticipation Note Interest		
TOTAL EXPENDITURES/EXPENSES	\$ 180,445	\$ 720,222
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 23,127	\$ 102,925
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$	\$ (1,865)
Proceeds from Issuance of Long Term Debt		23,825
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 21,960
NET CHANGE IN FUND BALANCES	\$ 23,127	\$ 124,885
CHANGE IN NET POSITION		
FUND BALANCES(DEFICIT)/NET POSITION - MARCH 1, 2020	496,828	342,098
FUND BALANCES(DEFICIT)/NET POSITION - FEBRUARY 28, 2021	\$ 519,955	\$ 466,983

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,018,315	\$ 3,196	\$ 1,021,511
	183		183
<u>520</u>	<u>8,741</u>	<u></u>	<u>8,741</u>
\$ 520	\$ 1,027,239	\$ 3,196	\$ 1,030,435
\$	\$ 98,005	\$	\$ 98,005
	23,639		23,639
	17,171		17,171
	45,682		45,682
		450,500	450,500
142	11,720		11,720
4,675,969	4,675,969	(4,675,969)	
145,391	145,391		145,391
	340,000	(340,000)	
	364,592	120,332	484,924
619,215	619,215		619,215
<u>30,456</u>	<u>30,456</u>	<u></u>	<u>30,456</u>
\$ 5,471,173	\$ 6,371,840	\$ (4,445,137)	\$ 1,926,703
\$ (5,470,653)	\$ (5,344,601)	\$ 4,448,333	\$ (896,268)
\$ 1,865	\$	\$	\$
<u>6,406,175</u>	<u>6,430,000</u>	<u>(6,430,000)</u>	<u></u>
\$ 6,408,040	\$ 6,430,000	\$ (6,430,000)	\$ -0-
\$ 937,387	\$ 1,085,399	\$ (1,085,399)	\$
		(896,268)	(896,268)
<u>(2,547,064)</u>	<u>(1,708,138)</u>	<u>(2,034,924)</u>	<u>(3,743,062)</u>
\$ (1,609,677)	\$ (622,739)	\$ (4,016,591)	\$ (4,639,330)

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

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Net Change in Fund Balances - Governmental Funds	\$ 1,085,399
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	3,196
Governmental funds do not account for amortization and depreciation. However, in the Statement of Net Position, capital and intangible assets are amortized and depreciated and expense is recorded in the Statement of Activities.	(450,500)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	4,675,969
Governmental funds report bond and bond anticipation note principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	340,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(120,332)
Governmental funds report bond proceeds as other financing sources. Bond proceeds increase long-term liabilities in the Statement of Net Position.	<u>(6,430,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (896,268)</u>

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

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 1. CREATION OF DISTRICT

The City of Fort Worth Municipal Utility District No. 2 of Tarrant County, now known as Live Oak Creek Municipal Utility District No. 1 of Tarrant County (the “District”), was created effective June 18, 2005, by House Bill 3530, Texas Legislature, as a conservation district created under and essential to accomplishing the purposes of Section 59, Article XVI of the Texas Constitution. The District is under the oversight of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to its creation legislation, the District also has the authority to provide roads under Section 52 Article II of the Texas Constitution. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and H.B. No. 3530, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, wastewater, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its organizational meeting on August 29, 2006, and the first bonds were sold on December 15, 2011.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Asset; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures. Recognition of revenues for the 2020 debt service tax levied in the current fiscal year has been deferred until the next fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Drainage System	10-45
Roads	10-50

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are classified in governmental funds using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2013	Series 2013A	Series 2014
Amount Outstanding - February 28, 2021	\$ 1,275,000	\$ 925,000	\$ 900,000
Interest Rates	2.80% - 4.00%	3.00% - 5.125%	2.50% - 4.125%
Maturity Dates -Serially Beginning/Ending	September 1, 2021/2037	September 1, 2021/2038	September 1, 2021/2038
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1 September 1
Callable Dates	September 1, 2021*	September 1, 2021*	September 1, 2022*
	Series 2017	Series 2019 Utility	Series 2019 Road
Amount Outstanding - February 28, 2021	\$ 1,310,000	\$ 2,050,000	\$ 2,595,000
Interest Rates	2.00% - 4.00%	3.00% - 5.00%	3.00% - 4.75%
Maturity Dates -Serially Beginning/Ending	September 1, 2021/2042	September 1, 2021/2043	September 1, 2021/2043
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2024*	September 1, 2024*

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2020	Series 2020 Utility	Series 2020 Road
Amount Outstanding - February 28, 2021	\$ 1,865,000	\$ 4,330,000	\$ 2,100,000
Interest Rates	2.00% - 3.00%	2.00% - 4.00%	2.00% - 2.625%
Maturity Dates -Serially Beginning/Ending	September 1, 2021/2036	September 1, 2021/2045	September 1, 2022/2045
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2025*

* On any date thereafter, at a price equal to the par value plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2013 term bonds maturing on September 1, 2032, and September 1, 2037, are subject to mandatory redemption beginning September 1, 2026, and September 1, 2033, respectively. The Series 2013A term bonds maturing on September 1, 2032, and September 1, 2038, are subject to mandatory redemption beginning September 1, 2029, and September 1, 2033, respectively. The Series 2014 term bonds maturing on September 1, 2034, September 1, 2036, and September 1, 2038, are subject to mandatory redemption beginning September 1, 2033, September 1, 2035, and September 1, 2037, respectively. The Series 2017 term bonds maturing on September 1, 2042, are subject to mandatory redemption beginning September 1, 2036. The Series 2019 Utility term bonds maturing on September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2041, and September 1, 2043, are subject to mandatory redemption beginning September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2040, and September 1, 2042, respectively. The Series 2019 Road term bonds maturing on September 1, 2041, and September 1, 2043, are subject to mandatory redemption beginning September 1, 2040, and September 1, 2042, respectively. The Series 2020 Refunding term bonds maturing on September 1, 2032, September 1, 2034, and September 1, 2036, are subject to mandatory redemption beginning September 1, 2031, September 1, 2033, and September 1, 2035, respectively. The Series 2020 Utility term bonds maturing on September 1, 2039, September 1, 2041, and September 1, 2045, are subject to mandatory redemption beginning September 1, 2038, September 1, 2040, and September 1, 2042, respectively. The Series 2020 Road term bonds maturing on September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2035, September 1, 2038, September 1, 2040, September 1, 2042, and September 1, 2045, are subject to mandatory redemption beginning September 1, 2026, September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2036, September 1, 2039, September 1, 2041, and September 1, 2043, respectively.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended February 28, 2021:

	March 1, 2020	Additions	Retirements	February 28, 2021
Bonds Payable	\$ 11,260,000	\$ 6,430,000	\$ 340,000	\$ 17,350,000
Unamortized Discounts	(172,252)		(9,550)	(162,702)
Unamortized Premiums	103,630		6,061	97,569
Bonds Payable, net	<u>\$ 11,191,378</u>	<u>\$ 6,430,000</u>	<u>\$ 336,511</u>	<u>\$ 17,284,867</u>
		Amount Due Within One Year		\$ 440,000
		Amount Due After One Year		16,844,867
		Bonds Payable, net		<u>\$ 17,284,867</u>

As of February 28, 2021, the District had authorized but unissued bonds in the amount of \$43,405,000 for utility bonds and \$12,075,000 for road bonds.

As of February 28, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 440,000	\$ 539,947	\$ 979,947
2023	560,000	511,233	1,071,233
2024	590,000	491,787	1,081,787
2025	600,000	471,152	1,071,152
2026	625,000	450,964	1,075,964
2027-2031	3,505,000	1,966,257	5,471,257
2032-2036	4,230,000	1,422,431	5,652,431
2037-2041	3,910,000	760,302	4,670,302
2042-2046	2,890,000	215,908	3,105,908
	<u>\$ 17,350,000</u>	<u>\$ 6,829,981</u>	<u>\$ 24,179,981</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended February 28, 2021, the District levied an ad valorem debt service tax at the rate of \$0.84 (\$0.34 for utility bonds and \$0.50 for road bonds) per \$100 of assessed valuation, which resulted in a tax levy of \$1,081,429 on the adjusted taxable valuation of \$128,741,433 for the 2020 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information repository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of the issue.

In accordance with the Series 2020 Road bond order, bond proceeds of \$23,825 were deposited into the Debt Service Fund and restricted for the payment of bond interest. No interest payments were made in the current fiscal year.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,975,745 and the bank balance was \$2,022,170. The District was not exposed to custodial credit risk at year-end.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 28, 2021, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 520,750	\$	\$ 520,750
DEBT SERVICE FUND	500,159	745,000	1,245,159
CAPITAL PROJECTS FUND	<u>209,836</u>	<u></u>	<u>209,836</u>
TOTAL DEPOSITS	<u>\$ 1,230,745</u>	<u>\$ 745,000</u>	<u>\$ 1,975,745</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.”

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

All investments are recorded at cost. As of February 28, 2021, the District had the following investments and maturities.

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>DEBT SERVICE FUND</u>		
Certificates of Deposit	<u>\$ 745,000</u>	<u>\$ 745,000</u>

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL AND INTANGIBLE ASSETS

Capital asset activity for the year ended February 28, 2021:

	March 1, 2020	Increases	Decreases	February 28, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 591,912	\$ 125,991	\$	\$ 717,903
Construction in Progress	6,169	656,143	662,312	
Total Capital Assets Not Being Depreciated	<u>\$ 598,081</u>	<u>\$ 782,134</u>	<u>\$ 662,312</u>	<u>\$ 717,903</u>
Capital Assets Subject to Depreciation				
Drainage Facilities	\$ 4,043,492	\$ 81,519	\$	\$ 4,125,011
Roads	7,402,443	454,802		7,857,245
Total Capital Assets Subject to Depreciation	<u>\$ 11,445,935</u>	<u>\$ 536,321</u>	<u>\$ - 0 -</u>	<u>\$ 11,982,256</u>
Accumulated Depreciation				
Drainage Facilities	\$ 518,900	\$ 93,199	\$	\$ 612,099
Roads	1,247,708	173,610		1,421,318
Total Accumulated Depreciation	<u>\$ 1,766,608</u>	<u>\$ 266,809</u>	<u>\$ - 0 -</u>	<u>\$ 2,033,417</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,679,327</u>	<u>\$ 269,512</u>	<u>\$ - 0 -</u>	<u>\$ 9,948,839</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 10,277,408</u></u>	<u><u>\$ 1,051,646</u></u>	<u><u>\$ 662,312</u></u>	<u><u>\$ 10,666,742</u></u>

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 6. CAPITAL AND INTANGIBLE ASSETS (Continued)

In accordance with the Utility Agreement, see Note 8, the water and wastewater assets constructed by the District's Developer, for which the District has recorded a liability in the Statement of Net Position, have been submitted for conveyance to the City of Fort Worth for operations and maintenance. The District has recognized an intangible asset for the costs of the assets conveyed to the City. Intangible assets, net of accumulated amortization, totaled \$6,849,178 as of February 28, 2021. Current year amortization expense was recorded in the amount of \$183,691.

NOTE 7. MAINTENANCE TAX

On November 7, 2006, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.16 per \$100 of assessed valuation, which resulted in a tax levy of \$205,987 on the adjusted taxable valuation of \$128,741,433 for the 2020 tax year.

NOTE 8. UTILITY AGREEMENT

On November 15, 2006, the District approved a Utility Agreement (the "Agreement") between the City of Fort Worth, Texas (the "City") and a Developer in the District. The Agreement acknowledges that the District lies within the City's extraterritorial jurisdiction. The Agreement provides that the District will acquire, for the benefit of and conveyance to the City, the water and wastewater facilities needed to serve lands being developed within and near the boundaries of the District in order to enhance the economic feasibility of the District.

As facilities are acquired, constructed and conveyed to the City, the City will assume responsibility for operation and maintenance of the water and wastewater facilities. The City will bill and collect for water and wastewater services from the customers within the District at the same rates as those the City charges its other customers.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 10. UNREIMBURSED DEVELOPER COSTS

The District has executed a Facilities and Operating Costs Reimbursement Agreement with a Developer within the District. The agreement calls for the Developer to fund costs associated with water, sewer, drainage and road facilities until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$4,051,312 has been recorded as a liability for facilities financed by Developer. The District expects to reimburse the Developer from future bond proceeds.

The Developer has also advanced money to the District’s General Fund in order for the District to meet its ongoing financial obligations. Through February 28, 2021, the Developer advanced directly to the District a total of \$5,220 to help cover the operating deficits. The District has recorded a Due to Developer for this amount in the Statement of Net Position at February 28, 2021.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developer, beginning of year	\$	7,946,583
Additions		442,471
Reimbursements		<u>(4,332,522)</u>
Due to Developer, end of year	\$	<u>4,056,532</u>

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 6, 2007, the District entered into a Strategic Partnership Agreement with the City of Fort Worth, Texas (the “City”). The agreement provides for the City to annex the land that has been determined as commercial property for the limited purposes of imposing and collecting revenues from the sales and use tax authorized to be imposed by the City on sales consummated at locations within the annexed properties pursuant to Chapter 321 of the Texas Tax Code. The sales and use tax will be imposed on all eligible commercial activities at the rate of 1% or other rate allowed under future amendments to Chapter 321 of the Tax Code and imposed by the City. The City will pay to the District an amount equal to 50% of the sales and use tax revenues collected within the annexed properties commencing upon the effective date of the limited purpose annexation of the properties and continuing for nineteen (19) years. The City is required to pay the District’s share within 30 days after the City receives the sales tax report reflecting such revenues from the Comptroller of the State of Texas. Any payment not submitted within the 30-day period shall bear interest calculated in accordance with the Texas Government Code. The agreement allows the City, in the nineteenth year of the limited purpose annexation, to retain \$300,000 from the 50% payment in order to defray the cost of maintaining the roads within the District upon full purpose annexation. Commencing on the first day of the twentieth (20) year of the limited purpose annexation, the City will reduce the payment to the District to 25% of the sales and use tax revenues collected by the City within the annexed properties. To date, no sales tax revenues have been received from the City.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 12. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

As of February 28, 2021, the General Fund has recorded a receivable of \$3,212 from the Debt Service Fund for maintenance tax revenue collected. The Capital Projects Fund has recorded a receivable of \$662 from the Debt Service Fund for bond issuance costs. During the current fiscal year, the Debt Service Fund transferred \$1,865 to the Capital Projects Fund to reimburse bond issuance costs.

NOTE 13. SALE OF BOND ANTICIPATION NOTES

On November 22, 2019, the District closed on the sale of its \$2,785,000 Series 2019 Bond Anticipation Note (2019 BAN). Proceeds from the 2019 BAN sale were used to reimburse the Developer for a portion of the costs associated with construction and engineering for utility infrastructure for Live Oak Creek, Phases 1, 2 and 3A and City of Fort Worth connection fees and to pay issuance costs of the 2019 BAN. The 2019 BAN was redeemed with proceeds from the sale of the Unlimited Tax Utility Bonds, Series 2020. See Note 14.

On October 30, 2020, the District closed on the sale of its \$1,815,000 Series 2020 Bond Anticipation Note (2020 BAN). Proceeds from the 2020 BAN were used to reimburse the Developer for a portion of costs associated with construction and engineering for utility infrastructure for Live Oak Creek Phases 4 and 5 and to pay issuance costs of the 2020 BAN. The 2020 BAN is expected to be redeemed with proceeds from the sale of bonds during the 2022 fiscal year.

NOTE 14. BOND SALES

On July 30, 2020, the District closed on the sale of its \$4,330,000 Unlimited Tax Utility Bonds, Series 2020. Proceeds from the bond sale were used to reimburse the Developer for costs associated with construction and engineering for water, wastewater and drainage facilities for Live Oak, Phases 1, 2, 3A and 3B. Additional proceeds were used to redeem the 2019 BAN and pay issuance costs of the bonds.

On July 30, 2020, the District also closed on the sale of its \$2,100,000 Unlimited Tax Road Bonds, Series 2020. Proceeds from the bond sale, along with \$53,000 of surplus funds, were used to reimburse the Developer for certain Phases 3B, 4 and 5 road improvements within the District. Additional proceeds were used to pay capitalized interest and issuance costs of the bonds.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021**

NOTE 15. DEFICIT FUND BALANCE – CAPITAL PROJECTS FUND

The District's Capital Projects Fund has a deficit fund balance of \$1,609,677 as of February 28, 2021. This deficit is expected to be eliminated with the issuance of bonds during the 2022 fiscal year.

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

NOTE 17. SUBSEQUENT EVENT – BOND SALE

On July 6, 2021, subsequent to year end, the District is expected to close on the sale of its \$2,130,000 Unlimited Tax Road Refunding Bonds, Series 2021. The net proceeds of \$2,030,850 and \$43,000 of available Debt Service Fund monies will be used to call and refund \$1,170,000 of Series 2013 Road Bonds and \$860,000 of Series 2013A Road Bonds.

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**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

FEBRUARY 28, 2021

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 259,200	\$ 202,791	\$ (56,409)
Investment Revenues	<u>1,000</u>	<u>781</u>	<u>(219)</u>
TOTAL REVENUES	<u>\$ 260,200</u>	<u>\$ 203,572</u>	<u>\$ (56,628)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 86,500	\$ 98,005	\$ (11,505)
Contracted Services	7,800	9,168	(1,368)
Utilities	16,000	17,171	(1,171)
Repairs and Maintenance	10,000	45,682	(35,682)
Other	<u>14,835</u>	<u>10,419</u>	<u>4,416</u>
TOTAL EXPENDITURES	<u>\$ 135,135</u>	<u>\$ 180,445</u>	<u>\$ (45,310)</u>
NET CHANGE IN FUND BALANCE	\$ 125,065	\$ 23,127	\$ (101,938)
FUND BALANCE - MARCH 1, 2020	<u>496,828</u>	<u>496,828</u>	<u></u>
FUND BALANCE - FEBRUARY 28, 2021	<u>\$ 621,893</u>	<u>\$ 519,955</u>	<u>\$ (101,938)</u>

See accompanying independent auditor's report.

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**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

FEBRUARY 28, 2021

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u>N/A</u>	Retail Water	<u>N/A</u>	Wholesale Water	<u>X</u>	Drainage
<u>N/A</u>	Retail Wastewater	<u>N/A</u>	Wholesale Wastewater	<u>N/A</u>	Irrigation
<u>N/A</u>	Parks/Recreation	<u>N/A</u>	Fire Protection	<u>N/A</u>	Security
<u>N/A</u>	Solid Waste/Garbage	<u>N/A</u>	Flood Control	<u>X</u>	Roads
<u>N/A</u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>N/A</u>	Other (specify): _____				

Pursuant to the Utility Agreement, the water and wastewater facilities constructed by the District have been conveyed to the City. The District retains ownership of the drainage and road facilities. The City owns, operates and maintains facilities which the District conveys to it for the benefit of the residents of the District.

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved or effective N/A.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

Total monthly charges per 10,000 gallons usage: Water: \$N/A Wastewater: \$N/A Surcharge: \$N/A Total: \$N/A

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ ³ / ₄ "	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1½"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>
Total Wastewater Connections	<u>N/A</u>	<u>N/A</u>	x 1.0	<u>N/A</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

Does the District have Operation and Maintenance standby fees? Yes No

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

4. Is the District located entirely within one county?

Yes X No

County in which District is located:

Tarrant County, Texas

Is the District located within a city?

Entirely Partly Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely X Partly Not at all

ETJ in which District is located:

City of Fort Worth, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 11,500
Engineering	66,300
Legal	<u>20,205</u>
TOTAL PROFESSIONAL FEES	<u>\$ 98,005</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 9,168</u>
UTILITIES:	
Electricity	<u>\$ 17,171</u>
REPAIRS AND MAINTENANCE	<u>\$ 45,682</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 6,150
Insurance	3,124
Payroll Taxes	<u>471</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 9,745</u>
OTHER EXPENDITURES	<u>\$ 674</u>
TOTAL EXPENDITURES	<u>\$ 180,445</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
INVESTMENTS
FEBRUARY 28, 2021**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>DEBT SERVICE FUND</u>					
Certificate of Deposit	XXXX1553	0.30%	08/23/21	\$ 245,000	\$ 16
Certificate of Deposit	XXXX0535	0.20%	08/20/21	<u>500,000</u>	<u>22</u>
TOTAL DEBT SERVICE FUND				<u>\$ 745,000</u>	<u>\$ 38</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE - MARCH 1, 2020	\$ 2,768		\$ 18,524
Adjustments to Beginning Balance	\$ 2,768	(1)	\$ 18,523
Original 2020 Tax Levy	\$ 197,742		\$ 1,038,146
Adjustment to 2020 Tax Levy	8,245	205,987	43,283
TOTAL TO BE ACCOUNTED FOR	\$ 208,755		\$ 1,099,952
TAX COLLECTIONS:			
Prior Years	\$ 2,768		\$ 18,523
Current Year	200,023	202,791	1,050,121
TAXES RECEIVABLE - FEBRUARY 28, 2021	\$ 5,964		\$ 31,308
TAXES RECEIVABLE BY YEAR:			
2020	\$ 5,964		\$ 31,308

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 128,741,433</u>	<u>\$ 93,738,363</u>	<u>\$ 72,091,755</u>	<u>\$ 64,404,339</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.84	\$ 0.87	\$ 0.705	\$ 0.83
Maintenance	<u>0.16</u>	<u>0.13</u>	<u>0.295</u>	<u>0.16</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.000</u>	<u>\$ 0.99</u>
ADJUSTED TAX LEVY*	<u>\$ 1,287,416</u>	<u>\$ 937,384</u>	<u>\$ 720,918</u>	<u>\$ 637,603</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.10 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate in an amount not to exceed \$1.00 per \$100 assessed valuation approved by voters on November 7, 2006.

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 50,000	\$ 49,140	\$ 99,140
2023	55,000	47,640	102,640
2024	55,000	45,935	100,935
2025	60,000	44,120	104,120
2026	60,000	42,020	102,020
2027	65,000	39,800	104,800
2028	65,000	37,200	102,200
2029	70,000	34,600	104,600
2030	75,000	31,800	106,800
2031	75,000	28,800	103,800
2032	80,000	25,800	105,800
2033	85,000	22,600	107,600
2034	90,000	19,200	109,200
2035	90,000	15,600	105,600
2036	95,000	12,000	107,000
2037	100,000	8,200	108,200
2038	105,000	4,200	109,200
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,275,000</u>	<u>\$ 508,655</u>	<u>\$ 1,783,655</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 1 3 A

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 30,000	\$ 43,915	\$ 73,915
2023	35,000	42,955	77,955
2024	35,000	41,765	76,765
2025	35,000	40,470	75,470
2026	40,000	39,070	79,070
2027	40,000	37,390	77,390
2028	45,000	35,630	80,630
2029	45,000	33,605	78,605
2030	50,000	31,512	81,512
2031	50,000	29,014	79,014
2032	55,000	26,512	81,512
2033	55,000	23,762	78,762
2034	60,000	21,012	81,012
2035	65,000	17,937	82,937
2036	65,000	14,606	79,606
2037	70,000	11,276	81,276
2038	75,000	7,687	82,687
2039	75,000	3,844	78,844
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 925,000</u>	<u>\$ 501,962</u>	<u>\$ 1,426,962</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 30,000	\$ 33,568	\$ 63,568
2023	35,000	32,744	67,744
2024	35,000	31,694	66,694
2025	35,000	30,644	65,644
2026	40,000	29,506	69,506
2027	40,000	28,156	68,156
2028	45,000	26,756	71,756
2029	45,000	25,180	70,180
2030	45,000	23,550	68,550
2031	50,000	21,862	71,862
2032	50,000	19,987	69,987
2033	55,000	18,112	73,112
2034	60,000	15,981	75,981
2035	60,000	13,582	73,582
2036	65,000	11,182	76,182
2037	65,000	8,582	73,582
2038	70,000	5,982	75,982
2039	75,000	3,094	78,094
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 900,000</u>	<u>\$ 380,162</u>	<u>\$ 1,280,162</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 55,000	\$ 45,619	\$ 100,619
2023	45,000	44,519	89,519
2024	50,000	43,506	93,506
2025	50,000	42,256	92,256
2026	45,000	40,881	85,881
2027	50,000	39,531	89,531
2028	45,000	38,031	83,031
2029	50,000	36,625	86,625
2030	50,000	35,000	85,000
2031	55,000	33,375	88,375
2032	55,000	31,519	86,519
2033	55,000	29,594	84,594
2034	50,000	27,669	77,669
2035	55,000	25,856	80,856
2036	55,000	23,863	78,863
2037	60,000	21,800	81,800
2038	55,000	19,400	74,400
2039	80,000	17,200	97,200
2040	80,000	14,000	94,000
2041	85,000	10,800	95,800
2042	90,000	7,400	97,400
2043	95,000	3,800	98,800
2044			
2045			
2046			
	<u>\$ 1,310,000</u>	<u>\$ 632,244</u>	<u>\$ 1,942,244</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2019 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 55,000	\$ 69,669	\$ 124,669
2023	55,000	66,918	121,918
2024	60,000	64,306	124,306
2025	60,000	61,456	121,456
2026	65,000	58,606	123,606
2027	65,000	56,657	121,657
2028	70,000	54,706	124,706
2029	75,000	52,606	127,606
2030	75,000	50,356	125,356
2031	80,000	48,107	128,107
2032	85,000	45,706	130,706
2033	85,000	43,156	128,156
2034	90,000	40,606	130,606
2035	95,000	37,907	132,907
2036	95,000	34,937	129,937
2037	100,000	31,969	131,969
2038	105,000	28,719	133,719
2039	110,000	25,306	135,306
2040	115,000	21,731	136,731
2041	120,000	17,850	137,850
2042	125,000	13,650	138,650
2043	130,000	9,275	139,275
2044	135,000	4,725	139,725
2045			
2046			
	<u>\$ 2,050,000</u>	<u>\$ 938,924</u>	<u>\$ 2,988,924</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2019 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 70,000	\$ 87,462	\$ 157,462
2023	70,000	84,138	154,138
2024	75,000	80,812	155,812
2025	75,000	77,437	152,437
2026	80,000	74,062	154,062
2027	85,000	71,663	156,663
2028	90,000	69,112	159,112
2029	90,000	66,413	156,413
2030	95,000	63,712	158,712
2031	100,000	60,863	160,863
2032	105,000	57,862	162,862
2033	110,000	54,713	164,713
2034	115,000	51,412	166,412
2035	120,000	47,963	167,963
2036	125,000	44,362	169,362
2037	130,000	40,456	170,456
2038	135,000	36,231	171,231
2039	140,000	31,843	171,843
2040	145,000	27,294	172,294
2041	150,000	22,400	172,400
2042	155,000	17,150	172,150
2043	165,000	11,725	176,725
2044	170,000	5,950	175,950
2045			
2046			
	<u>\$ 2,595,000</u>	<u>\$ 1,185,035</u>	<u>\$ 3,780,035</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

REFUNDING SERIES - 2020

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 90,000	\$ 44,644	\$ 134,644
2023	95,000	41,944	136,944
2024	100,000	39,094	139,094
2025	105,000	36,094	141,094
2026	110,000	32,944	142,944
2027	110,000	29,644	139,644
2028	115,000	27,444	142,444
2029	115,000	25,144	140,144
2030	120,000	22,844	142,844
2031	120,000	20,444	140,444
2032	120,000	18,044	138,044
2033	125,000	15,494	140,494
2034	130,000	12,838	142,838
2035	135,000	9,913	144,913
2036	135,000	6,875	141,875
2037	140,000	3,500	143,500
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,865,000</u>	<u>\$ 386,904</u>	<u>\$ 2,251,904</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2020 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 60,000	\$ 114,177	\$ 174,177
2023	115,000	102,725	217,725
2024	120,000	98,125	218,125
2025	120,000	93,325	213,325
2026	125,000	89,725	214,725
2027	130,000	85,975	215,975
2028	135,000	82,075	217,075
2029	140,000	79,375	219,375
2030	145,000	76,575	221,575
2031	150,000	73,675	223,675
2032	155,000	70,675	225,675
2033	165,000	67,575	232,575
2034	170,000	64,275	234,275
2035	175,000	60,875	235,875
2036	180,000	57,156	237,156
2037	190,000	53,331	243,331
2038	195,000	49,294	244,294
2039	205,000	44,906	249,906
2040	210,000	40,294	250,294
2041	220,000	35,569	255,569
2042	225,000	30,344	255,344
2043	235,000	25,000	260,000
2044	245,000	19,125	264,125
2045	255,000	13,000	268,000
2046	265,000	6,625	271,625
	<u>\$ 4,330,000</u>	<u>\$ 1,533,796</u>	<u>\$ 5,863,796</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2020 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$	\$ 51,753	\$ 51,753
2023	55,000	47,650	102,650
2024	60,000	46,550	106,550
2025	60,000	45,350	105,350
2026	60,000	44,150	104,150
2027	65,000	42,950	107,950
2028	65,000	41,650	106,650
2029	70,000	40,350	110,350
2030	70,000	38,950	108,950
2031	75,000	37,550	112,550
2032	75,000	36,050	111,050
2033	80,000	34,550	114,550
2034	85,000	32,950	117,950
2035	85,000	31,038	116,038
2036	90,000	29,125	119,125
2037	95,000	27,100	122,100
2038	95,000	24,963	119,963
2039	100,000	22,825	122,825
2040	105,000	20,575	125,575
2041	110,000	18,081	128,081
2042	110,000	15,469	125,469
2043	115,000	12,719	127,719
2044	120,000	9,844	129,844
2045	125,000	6,694	131,694
2046	130,000	3,413	133,413
	<u>\$ 2,100,000</u>	<u>\$ 762,299</u>	<u>\$ 2,862,299</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 440,000	\$ 539,947	979,947
2023	560,000	511,233	1,071,233
2024	590,000	491,787	1,081,787
2025	600,000	471,152	1,071,152
2026	625,000	450,964	1,075,964
2027	650,000	431,766	1,081,766
2028	675,000	412,604	1,087,604
2029	700,000	393,898	1,093,898
2030	725,000	374,299	1,099,299
2031	755,000	353,690	1,108,690
2032	780,000	332,155	1,112,155
2033	815,000	309,556	1,124,556
2034	850,000	285,943	1,135,943
2035	880,000	260,671	1,140,671
2036	905,000	234,106	1,139,106
2037	950,000	206,214	1,156,214
2038	835,000	176,476	1,011,476
2039	785,000	149,018	934,018
2040	655,000	123,894	778,894
2041	685,000	104,700	789,700
2042	705,000	84,013	789,013
2043	740,000	62,519	802,519
2044	670,000	39,644	709,644
2045	380,000	19,694	399,694
2046	395,000	10,038	405,038
	<u>\$ 17,350,000</u>	<u>\$ 6,829,981</u>	<u>\$ 24,179,981</u>

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Description	Original Bonds Issued	Bonds Outstanding March 1, 2020
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Bonds - Series 2011	\$ 2,165,000	\$ 65,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2013	1,585,000	1,325,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2013A	1,090,000	955,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2014	1,040,000	930,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2017	1,450,000	1,360,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Utility Bonds - Series 2019	2,100,000	2,100,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2019	2,660,000	2,660,000
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Refunding Bonds - Series 2020	1,865,000	1,865,000

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding February 28, 2021	Paying Agent	
	Principal	Interest			
\$	\$ 65,000	\$ 2,763	\$ -0-	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	50,000	50,540	1,275,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	30,000	44,815	925,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	30,000	34,318	900,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	50,000	46,619	1,310,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	50,000	72,169	2,050,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	65,000	90,550	2,595,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		22,818	1,865,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Description	Original Bonds Issued	Bonds Outstanding March 1, 2020
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Utility Bonds - Series 2020	4,330,000	
Live Oak Creek Municipal Utility District No. 1 Unlimited Tax Road Bonds - Series 2020	<u>2,100,000</u>	
TOTAL	<u>\$ 20,385,000</u>	<u>\$ 11,260,000</u>

Bond Authority:	Utility Bonds	Road Bonds
Amount Authorized by Voters	\$ 52,000,000	\$ 22,000,000
Amount Issued	<u>8,595,000</u>	<u>9,925,000</u>
Remaining to be Issued	<u>\$ 43,405,000</u>	<u>\$ 12,075,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of February 28, 2021: \$ 1,534,018

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 967,199

See Note 3 for interest rate, interest payment dates and maturity dates.

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
	<u>Retirements</u>		Bonds	
<u>Bonds Sold</u>	<u>Principal</u>	<u>Interest</u>	<u>Outstanding</u> <u>February 28, 2021</u>	<u>Paying Agent</u>
4,330,000			4,330,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>2,100,000</u>			<u>2,100,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 6,430,000</u>	<u>\$ 340,000</u>	<u>\$ 364,592</u>	<u>\$ 17,350,000</u>	

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 202,791	\$ 124,223	\$ 209,054
Investment Revenues	781	4,242	3,102
Miscellaneous Revenues			
TOTAL REVENUES	\$ 203,572	\$ 128,465	\$ 212,156
EXPENDITURES			
Professional Fees	\$ 98,005	\$ 78,158	\$ 109,539
Contracted Services	9,168	8,340	6,943
Utilities	17,171	18,777	14,504
Repairs and Maintenance	45,682	46,358	8,129
Other	10,419	8,198	8,581
TOTAL EXPENDITURES	\$ 180,445	\$ 159,831	\$ 147,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 23,127	\$ (31,366)	\$ 64,460
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ -0-	\$ 62,250	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 23,127	\$ 30,884	\$ 64,460
BEGINNING FUND BALANCE	496,828	465,944	401,484
ENDING FUND BALANCE	\$ 519,955	\$ 496,828	\$ 465,944

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2018	2017	2021	2020	2019	2018	2017
\$ 106,438	\$ 114,084	99.6 %	96.7 %	98.5 %	98.6 %	99.5 %
1,469	625	0.4	3.3	1.5	1.4	0.5
	10					
<u>\$ 107,907</u>	<u>\$ 114,719</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 67,548	\$ 34,563	48.1 %	60.8 %	51.6 %	62.6 %	30.1 %
6,728	6,415	4.5	6.5	3.3	6.2	5.6
11,699	10,481	8.4	14.6	6.8	10.8	9.1
7,651	3,791	22.4	36.1	3.8	7.1	3.3
<u>8,626</u>	<u>13,638</u>	<u>5.1</u>	<u>6.4</u>	<u>4.0</u>	<u>8.0</u>	<u>11.9</u>
<u>\$ 102,252</u>	<u>\$ 68,888</u>	<u>88.5 %</u>	<u>124.4 %</u>	<u>69.5 %</u>	<u>94.7 %</u>	<u>60.0 %</u>
<u>\$ 5,655</u>	<u>\$ 45,831</u>	<u>11.5 %</u>	<u>(24.4) %</u>	<u>30.5 %</u>	<u>5.3 %</u>	<u>40.0 %</u>
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ 5,655	\$ 45,831					
<u>395,829</u>	<u>349,998</u>					
<u>\$ 401,484</u>	<u>\$ 395,829</u>					

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 815,524	\$ 508,498	\$ 534,693
Penalty and Interest	183	587	281
Investment Revenues	7,440	10,522	6,435
TOTAL REVENUES	\$ 823,147	\$ 519,607	\$ 541,409
EXPENDITURES			
Tax Collection Expenditures	\$ 10,880	\$ 2,641	\$ 4,216
Debt Service Principal	340,000	220,000	210,000
Debt Service Interest and Fees	369,342	348,969	286,376
Bond Issuance Costs		105,332	
Payment to Refunded Bond Escrow Agent		45,000	
TOTAL EXPENDITURES	\$ 720,222	\$ 721,942	\$ 500,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 102,925	\$ (202,335)	\$ 40,817
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ (1,865)	\$	\$
Proceeds from Issuance of Long Term Debt	23,825	45,275	
Refunding Bonds		1,865,000	
Payment to Refunded Bond Escrow Agent		(1,764,115)	
Bond Discount		(23,773)	
Bond Premium		32,999	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 21,960	\$ 155,386	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 124,885	\$ (46,949)	\$ 40,817
BEGINNING FUND BALANCE	342,098	389,047	348,230
ENDING FUND BALANCE	\$ 466,983	\$ 342,098	\$ 389,047
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2018	2017	2021	2020	2019	2018	2017
\$ 445,441	\$ 411,459	99.1 %	97.9 %	98.7 %	99.2 %	99.5 %
1,054	920		0.1	0.1	0.2	0.2
2,645	1,187	0.9	2.0	1.2	0.6	0.3
<u>\$ 449,140</u>	<u>\$ 413,566</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 3,909	\$ 3,449	1.3 %	0.5 %	0.8 %	0.9 %	0.8 %
150,000	145,000	41.3	42.3	38.8	33.4	35.1
258,977	245,737	44.9	67.2	52.9	57.7	59.4
			20.3			
			8.7	%		
<u>\$ 412,886</u>	<u>\$ 394,186</u>	<u>87.5 %</u>	<u>139.0 %</u>	<u>92.5 %</u>	<u>92.0 %</u>	<u>95.3 %</u>
<u>\$ 36,254</u>	<u>\$ 19,380</u>	<u>12.5 %</u>	<u>(39.0) %</u>	<u>7.5</u>	<u>8.0 %</u>	<u>4.7 %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 36,254	\$ 19,380					
311,976	292,596					
<u>\$ 348,230</u>	<u>\$ 311,976</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021**

District Mailing Address - Live Oak Creek Municipal Utility District No. 1 of Tarrant County
c/o Coats Rose, P.C.
14755 Preston Road, Suite 600
Dallas, TX 75254

District Telephone Number - (972) 982-8450

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended February 28, 2021	Expense Reimbursements for the year ended February 28, 2021	Title
Neal Morris	05/18 05/22 (Elected)	\$ 900	\$ -0-	President
Amy May	05/18 05/22 (Elected)	\$ 1,350	\$ -0-	Vice President
Mark Ratliff	05/20 05/24 (Elected)	\$ 1,350	\$ -0-	Secretary
Nathan Golik	05/20 05/24 (Elected)	\$ 1,200	\$ -0-	Assistant Secretary
Brian Shiller	08/18 05/22 (Appointed)	\$ 1,350	\$ -0-	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: August 28, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 29, 2006. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**LIVE OAK CREEK MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Coats Rose, P.C.	09/27/06	\$ 20,205 \$ 200,378	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	02/17/11	\$ 11,500 \$ 19,000	Auditor Bond Related
L&S District Services, LLC	09/27/06	\$ 11,268	Bookkeeper/ Investment Officer
Peloton Land Solutions, Inc.	03/02/17	\$ 70,300	Engineer
Robert W. Baird & Co. Incorporated	06/12/15	\$ 150,490	Financial Advisor
Tarrant County Tax Office	09/15/09	\$ 429	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B
AGM SPECIMEN MUNICIPAL BOND NSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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

APPENDIX C
BAM SPECIMEN MUNICIPAL BOND NSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER