

OFFICIAL STATEMENT DATED MARCH 24, 2022

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

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

NEW ISSUE – Book Entry Only

RATINGS: Utility Bonds: S&P Global Ratings (BAM Insured)....."AA"
Road Bonds: S&P Global Ratings (AGM Insured)....."AA"
See "MUNICIPAL BOND INSURANCE – UTILITY BONDS," "MUNICIPAL BOND INSURANCE – ROAD BONDS," and "RATINGS" herein.

FAR NORTH FORT WORTH MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES

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

\$11,500,000
Unlimited Tax Bonds
Series 2022

\$4,370,000
Unlimited Tax Road Bonds
Series 2022A

Dated Date: April 1, 2022

Due: September 1, as shown on inside cover hereof

Interest Accrues from Date of Delivery

The \$11,500,000 Unlimited Tax Bonds, Series 2022 (the "Utility Bonds") and the \$4,370,000 Unlimited Tax Road Bonds, Series 2022A (the "Road Bonds," and together with the Utility Bonds, the "Bonds"), are obligations of Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties (the "District") and are not obligations of the State of Texas; Tarrant County, Texas; Wise County, Texas; Denton County, Texas; the City of Fort Worth, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Tarrant County, Texas; Wise County, Texas; Denton County, Texas; the City of Fort Worth, Texas; 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 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 BOKF, NA, 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 the initial date of delivery (expected to be April 26, 2022) (the "Date of Delivery"), and is payable on September 1, 2022, and each March 1 and September 1 thereafter 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 Bonds are issuable in denominations of \$5,000 of principal or any integral multiple thereof in fully registered form only.

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



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



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

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied annually by the District upon all taxable property located within the District. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to certain risk factors. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidders for the Bonds (the "Initial Purchasers"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about April 26, 2022. See "LEGAL MATTERS."

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

\$11,500,000 Unlimited Tax Bonds, Series 2022

\$5,255,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 30734C (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 30734C (b)
2024	\$325,000	5.750%	2.000%	AA1	2031 (c)	\$405,000	4.000%	2.700%	AH6
2025	335,000	5.750%	2.100%	AB9	2032 (c)	420,000	4.000%	2.800%	AJ2
2026	345,000	5.750%	2.200%	AC7	****	****	****	****	****
2027	355,000	5.750%	2.300%	AD5	2035 (c)	460,000	3.250%	3.300%	AM5
2028 (c)	370,000	4.000%	2.400%	AE3	2036 (c)	475,000	3.250%	3.350%	AN3
2029 (c)	380,000	4.000%	2.500%	AF0	2037 (c)	490,000	3.250%	3.400%	AP8
2030 (c)	390,000	4.000%	2.600%	AG8	2038 (c)	505,000	3.250%	3.450%	AQ6

\$6,245,000 Term Bonds

\$875,000 Term Bond due September 1, 2034 (c)(d) Interest Rate 3.250% (Price: \$100.000) (a) CUSIP No. 30734C AL7 (b)
 \$1,065,000 Term Bond due September 1, 2040 (c)(d) Interest Rate 3.500% (Price: \$98.662) (a) CUSIP No. 30734C AS2 (b)
 \$1,725,000 Term Bond due September 1, 2043 (c)(d) Interest Rate 3.500% (Price: \$97.062) (a) CUSIP No. 30734C AV5 (b)
 \$2,580,000 Term Bond due September 1, 2047 (c)(d) Interest Rate 3.750% (Price: \$98.750) (a) CUSIP No. 30734C AZ6 (b)

\$4,370,000 Unlimited Tax Road Bonds, Series 2022A

\$895,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 30734C (b)
2024	\$125,000	5.750%	2.000%	BA0
2025	125,000	5.750%	2.100%	BB8
2026	130,000	5.750%	2.200%	BC6
****	****	****	****	****
2031 (c)	155,000	5.250%	2.600%	BH5
2032 (c)	160,000	5.250%	2.650%	BJ1
****	****	****	****	****
2039 (c)	200,000	3.250%	3.500%	BR3

\$3,475,000 Term Bonds

\$275,000 Term Bond due September 1, 2028 (c)(d) Interest Rate 5.250% (Price: \$113.949) (a) CUSIP No. 30734C BE2 (b)
 \$295,000 Term Bond due September 1, 2030 (c)(d) Interest Rate 5.250% (Price: \$113.413) (a) CUSIP No. 30734C BG7 (b)
 \$510,000 Term Bond due September 1, 2035 (c)(d) Interest Rate 3.250% (Price: \$99.460) (a) CUSIP No. 30734C BM4 (b)
 \$555,000 Term Bond due September 1, 2038 (c)(d) Interest Rate 3.250% (Price: \$97.514) (a) CUSIP No. 30734C BQ5 (b)
 \$860,000 Term Bond due September 1, 2043 (c)(d) Interest Rate 3.500% (Price: \$97.062) (a) CUSIP No. 30734C BV4 (b)
 \$980,000 Term Bond due September 1, 2047 (c)(d) Interest Rate 3.750% (Price: \$98.750) (a) CUSIP No. 30734C BZ5 (b)

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers will be 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.
- (c) Bonds maturing on September 1, 2028, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption provisions as set forth herein 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 Robert W. Baird & Co. Incorporated, 1331 Lamar Street, Suite 1360, Houston, Texas 77010, the Financial Advisor 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.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Utility Bonds or the advisability of investing in the Utility 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 – UTILITY BONDS”** and **“APPENDIX B – BAM Specimen Municipal Bond Insurance Policy.”**

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Road Bonds or the advisability of investing in the Road 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 – ROAD BONDS”** and **“APPENDIX C – AGM 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 **“SOURCES OF INFORMATION – Updating the 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.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..1	Bondholders’ Remedies.....31
SALE AND DISTRIBUTION OF THE BONDS3	Legal Investment and Eligibility to Secure
Award of the Bonds3	Public Funds in Texas.....32
Prices and Marketability3	Use and Distribution of Utility Bond Proceeds .33
Securities Laws.....3	Use and Distribution of Road Bond Proceeds...34
Delivery of Official Statements.....4	DISTRICT DEBT35
MUNICIPAL BOND INSURANCE – UTILITY BONDS ..4	Estimated Overlapping Debt Statement.....36
Bond Insurance Policy4	Debt Ratios.....36
Build America Mutual Assurance Company4	Debt Service Requirements37
MUNICIPAL BOND INSURANCE – ROAD BONDS5	TAXING PROCEDURES38
Bond Insurance Policy5	Authority to Levy Taxes38
Assured Guaranty Municipal Corp.....5	Tax Code and County-Wide Appraisal District..38
RATINGS.....7	Property Subject to Taxation by the District39
OFFICIAL STATEMENT SUMMARY8	Reappraisal of Property after Disaster40
SELECTED FINANCIAL INFORMATION13	Tax Abatement40
INTRODUCTION14	Valuation of Property for Taxation40
RISK FACTORS.....14	Rollback of Operation and Maintenance Tax
General14	Rate.....41
Infectious Disease Outlook – COVID-1915	District and Taxpayer Remedies42
Economic Factors Affecting Taxable Values	Levy and Collection of Taxes.....42
and Tax Payments.....15	Tay Payment Installments After Disaster.....43
Development Financing Agreement16	District’s Rights in the Event of Tax
Tax Collections Limitations16	Delinquencies.....43
Registered Owners’ Remedies and	TAX DATA43
Bankruptcy Limitations.....16	General.....43
Future Debt.....17	Tax Exemptions.....44
Environmental Regulations.....18	Additional Penalties44
Marketability of the Bonds.....20	Tax Rate Limitation44
Continuing Compliance with Certain	Historical Tax Collections44
Covenants21	Tax Rate Distribution44
Approval of the Bonds.....21	Analysis of Tax Base.....44
Potential Impact of Natural Disaster21	Principal Taxpayers45
Changes in Tax Legislation.....21	Tax Rate Calculations45
Bond Insurance Risk Factors21	Estimated Overlapping Taxes.....46
THE BONDS.....22	THE DISTRICT.....46
General.....22	General.....46
Book-Entry-Only System23	Description.....46
Paying Agent/Registrar24	Management of the District47
Record Date25	STRATEGIC PARTNERSHIP AGREEMENT WITH
Registration, Transfer and Exchange25	THE CITY OF FORT WORTH47
Mutilated, Lost, Stolen or Destroyed Bonds.....25	DEVELOPMENT STATUS OF THE DISTRICT48
Authority for Issuance25	Homebuilders within the District48
Source of Payment.....26	PHOTOGRAPHS TAKEN WITHIN THE DISTRICT49
Short-Term Debt.....26	LOCATION MAP OF THE DISTRICT51
Funds26	THE DEVELOPERS/PRINCIPAL LANDOWNERS.....52
Redemption Provisions27	The Role of a Developer52
No Arbitrage.....29	The Developers and Principal Landowners52
Annexation.....29	Development Financing.....53
Consolidation29	Lot-Sales Contracts.....54
Defeasance29	THE SYSTEMS54
Issuance of Additional Debt.....30	Regulation.....54
Amendments to the Bond Resolutions31	Description of the Systems55

LEGAL MATTERS.....	56	SOURCES OF INFORMATION	61
Legal Opinions	56	General.....	61
No-Litigation Certificate.....	56	Experts	61
No Material Adverse Change.....	56	Certification as to Official Statement.....	62
TAX MATTERS.....	57	Updating the Official Statement.....	62
Tax Accounting Treatment of Original Issue		CONCLUDING STATEMENT	62
Discount Bonds	58	APPENDIX A Financial Statements of the District	
Collateral Federal Income Tax Consequences...	58	APPENDIX B BAM Specimen Municipal Bond	
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	59	Insurance Policy	
CONTINUING DISCLOSURE OF INFORMATION.....	59	APPENDIX C AGM Specimen Municipal Bond	
Annual Reports.....	59	Insurance Policy	
Event Notices	60		
Availability of Information.....	60		
Limitations and Amendments	60		
Compliance with Prior Undertakings.....	61		

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 effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Utility Bond Initial Purchaser") to purchase the Utility Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.022150% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.839710%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Road Bond Initial Purchaser") to purchase the Road Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.00% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.940463%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Initial Purchasers" refers to the Utility Bond Initial Purchaser in its capacity as the purchaser of the Utility Bonds and the Road Bond Initial Purchaser in its capacity as the purchaser of the Road Bonds.

Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchasers of each series of Bonds on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each series and maturity has been sold to the public or held at initial offering prices. For this purpose, the term "public" shall not include any person who is a bondhouse, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchasers.

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 offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

Delivery of Official Statements

The District shall furnish to the Initial Purchasers (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchasers), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchasers. The District also shall furnish to the Initial Purchasers a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchasers may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchasers and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchasers shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE – UTILITY BONDS

Bond Insurance Policy

Concurrently with the issuance of the Utility Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Utility Bonds (the “Utility Bonds Insurance Policy”). The Utility Bonds Insurance Policy guarantees the scheduled payment of principal of and interest on the Utility Bonds when due as set forth in the form of the Utility Bonds Insurance Policy included as APPENDIX B to this Official Statement.

The Utility Bonds Insurance 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” 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 Utility 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 Utility Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Utility 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 Utility Bonds Insurance Policy), and BAM does not guarantee the market price or liquidity of the Utility Bonds, nor does it guarantee that the rating on the Utility Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$481.5 million, \$183.4 million and \$298.1 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 Utility Bonds or the advisability of investing in the Utility 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 – UTILITY 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 of or the underwriter for the Utility 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 Utility Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Utility Bonds, whether at the initial offering or otherwise.

MUNICIPAL BOND INSURANCE – ROAD BONDS

Bond Insurance Policy

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

The Road Bonds Insurance 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 “A1” (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 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 March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

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.

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, 2021.

Capitalization of AGM

At December 31, 2021:

- The policyholders’ surplus of AGM was approximately \$3,053 million.
- The contingency reserve of AGM was approximately \$877 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,127 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 document 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: the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022).

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 Road 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 – ROAD 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 Road Bonds or the advisability of investing in the Road 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 – ROAD BONDS.**”

RATINGS

The Utility Bonds have been assigned an insured rating of “AA” from S&P solely in reliance upon the issuance of the Utility Bonds Insurance Policy by BAM at the time of delivery of the Utility 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.

The Road Bonds have been assigned an insured rating of “AA” from S&P solely in reliance upon the issuance of the Road Bonds Insurance Policy by AGM at the time of delivery of the Road Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). The ratings express only the view of S&P at the time the ratings are given.

Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings 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 Bonds.

OFFICIAL STATEMENT SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The District..... Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties (the “District”), a political subdivision of the State of Texas, is located in Tarrant County, Texas; Wise County, Texas; and Denton County, Texas. See “THE DISTRICT.”

The Bonds..... The District’s \$11,500,000 Unlimited Tax Bonds, Series 2022 (the “Utility Bonds”) and \$4,370,000 Unlimited Tax Road Bonds, Series 2022A (the “Road Bonds,” and together with the Utility Bonds, the “Bonds”), are dated April 1, 2022 (the “Dated Date”), and mature on September 1 in the years and in the principal amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (expected to be April 26, 2022) (the “Date of Delivery”) at the rates shown on the inside cover hereof and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one maturity. See “THE BONDS – General.”

Redemption Provisions *Optional Redemption:* The Bonds maturing on and after September 1, 2028, are subject to redemption prior to maturity at the option of the District, in whole or in part, on September 1, 2027, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See “THE BONDS – Redemption Provisions – *Optional Redemption.*”

Mandatory Redemption: The Utility Bonds maturing on September 1 in the years 2034, 2040, 2043 and 2047 are term bonds (the “Utility Term Bonds”) and the Road Bonds maturing on September 1 in the years 2028, 2030, 2035, 2038, 2043 and 2047 are also term bonds (the “Road Term Bonds,” and together with the Utility Term Bonds, collectively the “Term Bonds”) that are subject to mandatory sinking fund redemption provisions as set forth herein under “THE BONDS – Redemption Provisions – *Mandatory Redemption.*”

Authority for Issuance..... The Utility Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Utility Bonds (the “Utility Bond Resolution”); Article XVI, Section 59 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; an election held within the District on May 6, 2017; and an order of the Texas Commission on Environmental Quality (“TCEQ”).

The Road Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Road Bonds (the “Road Bond Resolution,” and together with the Utility Bond Resolution, the “Bond Resolutions”); 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; House Bill No. 4331 (85th Session of the Texas Legislative, Regular Session), codified as Chapter 8011 of the Texas Special

District Local Laws Code; and an election held within the District on May 6, 2017. See “THE BONDS – Authority for Issuance.”

The Utility Bonds are the first series of unlimited tax bonds to be issued by the District out of an aggregate \$132,600,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the “Utility System”) and for the refunding of bonds issued by the District for the Utility System. The Road Bonds are the first series of unlimited tax bonds to be issued by the District out of an aggregate \$33,150,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing road facilities to serve the District (the “Road System”) and for the refunding of bonds issued by the District for the Road System. Following the issuance of the Bonds, \$121,100,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for the refunding of bonds issued for the Utility System, and \$28,780,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and for the refunding of bonds issued for the Road System, will remain authorized but unissued.

- Source of Payment..... Principal of and interest on the Bonds are payable from the proceeds of two separate continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied upon 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, Texas; Wise County, Texas; Denton County, Texas; the City of Fort Worth, Texas (the “City”); or any entity other than the District. See “THE BONDS – Source of Payment.”
- Payment Record..... The Utility Bonds and the Road Bonds represent the District’s first issuance of unlimited tax bonds.
- Short-Term Debt..... In connection with the Utility Bonds, the District has issued its \$6,940,000 Bond Anticipation Note, Series 2021, dated July 1, 2021 (the “BAN”). The BAN accrues interest at a rate of 1.75% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on June 30, 2022, unless called for redemption prior to maturity. See “THE BONDS – Short-Term Debt.”
- Use of Utility Bond Proceeds..... Proceeds from the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse 170 Northstar (herein defined) for a portion of the improvements and related costs shown herein under “THE BONDS – Use and Distribution of Utility Bond Proceeds.” Additionally, proceeds from the sale of the Utility Bonds will be used to reimburse 170 Northstar for the portion of the improvements and related costs that were not reimbursed by the BAN, and to pay eighteen (18) months of capitalized interest, developer interest, BAN interest, and other costs associated with the issuance of the Utility Bonds. See “THE BONDS – Use and Distribution of Utility Bond Proceeds.”
- Use of Road Bond Proceeds..... Proceeds from the sale of the Road Bonds will be used to reimburse 170 Northstar for the improvements and related engineering costs set out herein under “THE BONDS – Use and Distribution of Road Bond Proceeds.” Additionally, a portion of the proceeds of the Road

Bonds will be used to pay eighteen (18) months of capitalized interest, developer interest, and other costs associated with the issuance of the Road Bonds. See “THE BONDS – Use and Distribution of Road Bond Proceeds.”

- Not Qualified Tax-Exempt Obligations The Bonds are **not** “qualified tax-exempt obligations” for financial institutions. See “NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.”
- Municipal Bond Insurance Build America Mutual Assurance Company (“BAM”) has insured the Utility Bonds and Assured Guaranty Municipal Corp. (“AGM”) has insured the Road Bonds. See “MUNICIPAL BOND INSURANCE – UTILITY BONDS” and “MUNICIPAL BOND INSURANCE – ROAD BONDS” above.
- Ratings The Utility Bonds: S&P Global Ratings (BAM insured) – “AA”. The Road Bonds: S&P Global Ratings (AGM insured) – “AA”. See “MUNICIPAL BOND INSURANCE – UTILITY BONDS,” “MUNICIPAL BOND INSURANCE – ROAD BONDS,” and “RATINGS” above.
- Bond Counsel Allen Boone Humphries Robinson LLP, Houston, Texas.
- Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.
- Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.
- Paying Agent/Registrar BOKF, NA, 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 of Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State of Texas 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.

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.

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 located at the intersection of Tarrant County, Wise County, and Denton County, approximately 17 miles northwest of the Central Business District of the City, and wholly within the extraterritorial jurisdiction of the City. The District is bounded on the west by State Highway 287 and is bisected by Bates Aston Road. See “THE DISTRICT.”

Authority.....The District was created by order of the TCEQ dated January 12, 2017, and is vested with all of the rights, duties, powers, privileges, authority, and functions conferred by the TCEQ, Chapter 8011 of the Texas Special District Local Laws Code, and the general laws of the State of Texas relating to municipal utility districts, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT.”

Development Within the DistrictThe District encompasses approximately 733.65 total acres of land, which is being developed as the single-family subdivision known as “Northstar.” To date, approximately 620 single-family lots (208.09 acres) have been developed as Northstar, Sections 1 and 2. As of February 22, 2022, development within the District included 359 completed homes (349 of which being occupied, 4 unoccupied, and 6 model homes), 130 homes under construction, and 131 developed but vacant lots. In addition, approximately 151.30 acres (602 single-family lots) are currently under development as Northstar, Section 2, Phase 3 and Northstar, Sections 3 – 4. The remaining land within the District consists of approximately 309.83 undeveloped but developable acres and approximately 64.43 undevelopable acres. See “DEVELOPMENT STATUS OF THE DISTRICT.”

Developers/Principal Landowners.....Northstar Ranch, LLC (“Northstar Ranch”), a Texas limited liability company, managed by Kim Gill and Timothy Fleet, is a single purpose entity created for the purpose of owning, as an investment, land within the District. 170 Northstar Ranch Developer, Inc. (“170 Northstar”), a Texas corporation, also managed by Kim Gill and Timothy Fleet, was created for the purpose of purchasing and developing land within the District. Both Northstar Ranch and 170 Northstar are thinly capitalized companies whose assets consist primarily of the land in the District and, in the case of 170 Northstar, the receivables due from the District for eligible public infrastructure costs.

Northstar Ranch initially purchased all of the land within the District, approximately 734 acres. Of such acres, Northstar Ranch sold approximately 425 acres to 170 Northstar for the purpose of developing land within the District. As of February 22, 2022, Northstar Ranch continues to own approximately 309 acres of land within the District.

To date, 170 Northstar has developed approximately 143 acres as Northstar, Section 1 and subsequently sold approximately 86 acres to DR Horton (defined herein) and approximately 67 acres to Meritage (defined herein) for their respective developments. As of February 22, 2022, 170 Northstar is currently developing approximately 26 acres (111 single-family lots) as Northstar, Section 4, Phase 3 and continues to own 22 vacant developed lots and approximately 104 acres of land within the District.

D.R. Horton-Texas, Ltd. (“DR Horton”), a Texas limited partnership, is a developer and homebuilder within the District. DR Horton purchased approximately 86 acres of land within the District from 170 Northstar, on which it is currently developing 202 single-family lots as Northstar, Section 3 and 201 single-family lots as Northstar, Section 4, Phase 1.

Meritage Homes of Texas, LLC (“Meritage”), an Arizona limited liability company, is a developer and homebuilder within the District. Meritage purchased approximately 67 acres of land within the District from 170 Northstar, on which it has developed 212 single-family lots as Northstar, Section 2, Phases 1 and 2, and is currently developing 88 single-family lots as Northstar, Section 2, Phase 3. As of February 22, 2022, Meritage continues to own 77 vacant developed lots within the District.

170 Northstar, DR Horton, and Meritage Homes are collectively referred to herein as the “Developers.” The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur. See “THE DEVELOPERS/PRINCIPAL LANDOWNERS” and “TAX DATA – Principal Taxpayers” herein.

Homebuilders Within the District.....Homebuilders active in the District include DR Horton, Meritage, HistoryMaker Homes, and Riverside Homebuilders. The homes being marketed in the District range in size from approximately 1,500 to 4,300 square feet and in price from approximately \$310,000 to \$500,000. See “DEVELOPMENT STATUS OF THE DISTRICT – Homebuilders within the District” and “THE DEVELOPERS/PRINCIPAL LANDOWNERS – Lot-Sales Contracts.”

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Taxable Assessed Valuation.....	\$ 35,139,596	(a)
Estimated Valuation as of February 16, 2022	\$ 168,368,285	(b)
Direct Debt:		
The Utility Bonds	\$ 11,500,000	
The Road Bonds	<u>\$ 4,370,000</u>	
Total.....	\$ 15,870,000	
Estimated Overlapping Debt.....	<u>\$ 1,764,944</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 17,634,944	(c)
Direct Debt Ratios:		
Based on the 2021 Taxable Assessed Valuation	45.16	%
Based on the Estimated Valuation as of February 16, 2022.....	9.43	%
Direct and Estimated Overlapping Debt Ratios:		
Based on the 2021 Taxable Assessed Valuation	50.19	%
Based on the Estimated Valuation as of February 16, 2022.....	10.47	%
Utility System Debt Service Fund Balance (as of delivery of the Utility Bonds)	\$ 663,544	(d)
Road System Debt Service Fund Balance (as of delivery of the Road Bonds).....	\$ 264,413	(e)
Capital Projects Fund Balance (as of February 8, 2022).....	\$ 350,521	
General Operating Fund Balance (as of February 8, 2022).....	\$ 169,908	
2021 Tax Rate		
Maintenance & Operation	<u>\$1.00</u>	(f)
Total.....	\$1.00	
Average Annual Debt Service Requirement (2022–2047)	\$ 954,842	(g)
Maximum Annual Debt Service Requirement (2024).....	\$ 1,068,638	(g)
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Requirement (2022–2047) at 95% Tax Collections		
Based on the 2021 Taxable Assessed Valuation.....	\$2.87	
Based on the Estimated Valuation as of February 16, 2022.....	\$0.60	
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Requirement (2024) at 95% Tax Collections		
Based on the 2021 Taxable Assessed Valuation.....	\$3.21	
Based on the Estimated Valuation as of February 16, 2022.....	\$0.67	

- (a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2021, as provided by the Tarrant County Appraisal District, the Wise County Appraisal District, and the Denton Central Appraisal District (collectively the "Appraisal Districts"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for information purposes only. This estimate reflects the addition of taxable value resulting from new construction within the District from January 1, 2021, through February 16, 2022. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest to be deposited in the Utility System Debt Service Fund (herein defined) upon closing and delivery of the Utility Bonds. Neither Texas law nor the Utility Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined), including the Road Bonds.
- (e) Represents eighteen (18) months of capitalized interest to be deposited in the Road System Debt Service Fund (herein defined) upon closing and delivery of the Road Bonds. Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), including the Utility Bonds.
- (f) The District intends to levy debt service taxes beginning in 2022 for the Utility System and the Road System.
- (g) See "DISTRICT DEBT – Debt Service Requirements."

OFFICIAL STATEMENT

relating to

FAR NORTH FORT WORTH MUNICIPAL UTILITY DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES

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

\$11,500,000
Unlimited Tax Bonds
Series 2022

\$4,370,000
Unlimited Tax Road Bonds
Series 2022A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties (the "District") of its \$11,500,000 Unlimited Tax Bonds, Series 2022 (the "Utility Bonds") and \$4,370,000 Unlimited Tax Road Bonds, Series 2022A (the "Road Bonds," and together with the Utility Bonds, the "Bonds").

The Utility Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District (the "Board") on the date of sale of the Utility Bonds (the "Utility Bond Resolution"); Article XVI, Section 59 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; an election held within the District on May 6, 2017; and an order of the Texas Commission on Environmental Quality ("TCEQ").

The Road Bonds are issued pursuant to a resolution adopted by the Board on the date of sale of the Road Bonds (the "Road Bond Resolution," and together with the Utility Bond Resolution, the "Bond Resolutions"); 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; House Bill No. 4331 (85th Session of the Texas Legislative, Regular Session), codified as Chapter 8011 of the Texas Special District Local Laws Code; and an election held within the District on May 6, 2017.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolutions.

This Official Statement also includes information about the District, the Developers in the District, and certain reports and other financial and 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. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Tarrant County, Texas; Wise County, Texas; Denton County, Texas; the City of Fort Worth, Texas (the "City"); or any political subdivision other than the District. The Bonds are secured by the proceeds of two separate continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied upon 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. See "DEVELOPMENT STATUS OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Infectious Disease Outlook – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State of Texas 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.

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.

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 residential market in the area surrounding the District. New single-family home construction can be affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of construction would restrict the growth of property values in the District. Although, as of February 22, 2022, approximately 359 single-family homes in the District have been completed and another 130 single-family homes are under construction, the District cannot predict the pace or magnitude of future development, if any, in the District. See “DEVELOPMENT STATUS OF THE DISTRICT.”

Developers’ Obligations to the District: There is no commitment by or legal requirement of any of the Developers (as defined herein) 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 probability of future development, if any, or the rate of future home or commercial 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 “THE DEVELOPERS/PRINCIPAL LANDOWNERS.”

Concentration of Tax Base: The District’s tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” as of January 1, 2021, the District’s ten principal taxpayers owned property located in the District, the aggregate certified assessed valuation of which comprised approximately 70.79% of the District’s total 2021 certified taxable assessed valuation. Northstar Ranch (as defined herein) represents 21.27% of the District’s total 2021 certified taxable assessed valuation and the Developers represent an additional 32.10% of the District’s total 2021 certified taxable assessed valuation. In the event that Northstar Ranch, the Developers, any other principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its interest and sinking fund.

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land, improvements, and other taxable property currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2021, of all taxable property within the District is \$35,139,596 and the estimated valuation as of February 16,

2022, is \$168,368,285. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds will be \$1,068,638 (2024), and the average annual debt service requirement on the Bonds will be \$954,842 (2022–2047). Assuming no increase nor decrease from the taxable assessed valuation as of January 1, 2021, a tax rate of \$3.21 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of \$2.87 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. Assuming no increase to nor decrease from the estimated valuation as of February 16, 2022, a tax rate of \$0.67 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of \$0.60 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. See “DISTRICT DEBT – Debt Service Requirements.” For the 2021 tax year, the District levied a total tax of \$1.00 per \$100 of assessed valuation composed wholly of a maintenance and operations tax rate of \$1.00 per \$100 of assessed valuation. The District intends to levy debt service taxes beginning in 2022 for the Utility System (defined herein) and the Road System (defined herein).

Competitive Nature of Residential Market. The residential housing industry in and around the City is very competitive, and the District can give no assurance that the building programs which are planned by the Developers will be continued or completed. The competitive position of the Developers and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Development Financing Agreement

Effective June 6, 2017, Northstar Ranch, LLC (“Northstar Ranch”) entered into a Development Financing Agreement with the District, establishing the development standards for Northstar and how utilities and other public services will be provided to the development. Such minimum standards could impact the ability of the Developers to compete with other developments in the area that might not be subject to such minimum standards.

Tax Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within six months for commercial property and two years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAXING PROCEDURES.”

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions

prescribed in the Bond Resolutions. Except for mandamus, the Bond Resolutions 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 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 Resolutions may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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

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

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

The District may not be placed into bankruptcy involuntarily.

Future Debt

The Utility Bonds are the first series of bonds to be issued by the District out of an aggregate \$132,600,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and for the refunding of bonds issued by the District for the Utility System. Following the issuance of the Utility Bonds, \$121,100,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for the refunding of bonds issued for the Utility System, will remain authorized but unissued.

The Road Bonds are the first series of bonds to be issued by the District out of an aggregate \$33,150,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities to serve the District (the "Road System") and for the refunding of bonds issued by the District for the Road System. Following the issuance of the Road Bonds, \$28,780,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for the refunding of bonds issued for the Road System, will remain authorized but unissued.

Following the issuance of the Bonds, the District has the right to issue the remaining \$121,100,000 principal amount of unlimited tax bonds authorized but unissued for the Utility System and for the refunding of such bonds issued by the District for the Utility System; \$28,780,000 principal amount of unlimited tax bonds authorized but unissued for the Road System and for the refunding of such bonds issued by the District for the Road System; and any additional bonds as may hereafter be approved by both the Board and voters of the District.

Issuance of the remaining \$121,100,000 principal amount of unlimited tax bonds for the Utility System shall be subject to prior approval by the TCEQ. The District's issuance of the Road Bonds and the remaining \$28,780,000 principal amount of unlimited tax bonds for the Road System is not subject to approval by the TCEQ. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will owe the Developers approximately \$15,000,000 for expenditures to construct the Utility System and approximately \$5,000,000 for expenditures to construct the Road System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the 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 non-stormwater 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.

On June 9, 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. On November 18, 2021, the EPA and USACE issued a Notice of Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." 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.

Marketability of the Bonds

The District has no understanding with the Initial Purchasers of the Bonds 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 Resolutions 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."

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.

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 taxable 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.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy for each series of Bonds (the "Policies") 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 Policies do 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 provider of the Policies (the "Bond Insurers") at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurers choose 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 Insurers without appropriate consent. The Bond Insurers may direct and must consent to any remedies and the Bond Insurers' consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurers are unable to make payment of principal and interest as such payments become due under the Policies, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurers become 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 Insurers and its claim paying ability. The Bond Insurers' 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 Insurers and of the ratings on the Bonds insured by the Bond Insurers 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 Insurers are contractual obligations and in an event of default by the Bond Insurers, 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 Purchasers have made independent investigation into the claims paying ability of the Bond Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurers is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurers, 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 Insurers and the Policies, which includes further instructions for obtaining current financial information concerning the Bond Insurers.

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 Resolutions. A copy of the Bond Resolutions may be obtained from the District upon request to Bond Counsel, Allen Boone Humphries Robinson LLP. The Bond Resolutions authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated April 1, 2022 (the "Dated Date"), with interest accruing from the initial date of delivery (expected to be April 26, 2022) (the "Date of Delivery") and will mature on September 1 in the years and in the principal amounts, and will bear interest from the Date of Delivery at the rates per annum, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable September 1, 2022, and thereafter on each March 1 and September 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 series and 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 BOKF, NA, 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 Bondholders 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 Bondholders as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Bondholder at the risk and expense of such Bondholder.

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 DTC 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 series, 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 of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

Paying Agent/Registrar

The Board has selected BOKF, NA, 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 Resolutions 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 Resolutions.

Any successor paying agent/registrant 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) next 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 in any integral multiple of \$5,000 for any one series and maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See “Book-Entry-Only System” hereinabove 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

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:

<u>Election Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Remaining Unissued</u>
05/06/2017	Utility System & Refunding	\$ 132,600,000	\$11,500,000 ^(a)	\$ 121,100,000
05/06/2017	Road System & Refunding	33,150,000	4,370,000 ^(b)	28,780,000

^(a) The Utility Bonds.
^(b) The Road Bonds.

The Utility Bonds are issued pursuant to the Utility Bond Resolution; Article XVI, Section 59 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; an election held within the District on May 6, 2017; and an order adopted by the TCEQ.

The Road Bonds are issued pursuant to the Road Bond Resolution; 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; House Bill No. 4331 (85th Session of the Texas Legislative, Regular Session), codified as

Chapter 8011 of the Texas Special District Local Laws Code; and an election held within the District on May 6, 2017.

Source of Payment

The Utility Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Utility Bond Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Utility Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Tarrant County Appraisal District, the Wise County Appraisal District, and the Denton Central Appraisal District (collectively the "Appraisal Districts"). Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (defined below) and used solely to pay principal of and interest on the Utility Bonds, any additional bonds payable from taxes that may be issued for the Utility System, and fees of the Paying Agent/Registrar.

The Road Bonds are payable from the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Road Bond Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Road Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Appraisal Districts. Tax proceeds, after deduction for collection costs, will be placed in the Road System Debt Service Fund and used solely to pay principal of and interest on the Road Bonds, any additional bonds payable from taxes that may be issued for the Road System, and fees of the Paying Agent/Registrar.

Bonds issued for the Road System and for the Utility System are each supported by the proceeds of a separate unlimited tax levied annually by the District. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on the Road Bonds or any bonds issued by the District for the Road System. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the Utility Bonds or any other bonds issued by the District for the Utility System. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Tarrant County, Texas; Wise County, Texas; Denton County, Texas; the City; or any entity other than the District.

Short-Term Debt

In connection with the Utility Bonds, the District has issued its \$6,940,000 Bond Anticipation Note, Series 2021, dated July 1, 2021 (the "BAN"). The BAN accrues interest at a rate of 1.75% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on June 30, 2022, unless called for redemption prior to maturity. See "THE BONDS – Use and Distribution of Utility Bond Proceeds."

Funds

The Utility Bond Resolution creates the District's fund for payment of debt service on the Utility Bonds and any additional unlimited tax bonds that the District may hereafter issue for the Utility System (the "Utility System Debt Service Fund"). At closing of the Utility Bonds, eighteen (18) months of capitalized interest plus accrued interest on the Utility Bonds will be deposited from the proceeds from sale of the Utility Bonds into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Utility Bonds and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Utility Bonds and any of the District's other duly authorized bonds issued for the Utility System that are payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Utility Bonds and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts deposited in the Utility System Debt Service Fund may not be used to pay debt service on the Road Bonds or any other bonds that the District may hereafter issue for the Road System.

The Road Bond Resolution creates the District's fund for payment of debt service on the Road Bonds and any additional unlimited tax bonds that the District may hereafter issue for the Road System (the "Road System Debt Service Fund"). At closing of the Road Bonds, eighteen (18) months of capitalized interest plus accrued

interest on the Road Bonds will be deposited from the proceeds from sale of the Road Bonds into the Road System Debt Service Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Road Bonds and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Road Bonds and any of the District's other duly authorized bonds issued for the Road System that are payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Road Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts deposited in the Road System Debt Service Fund may not be used to pay debt service on the Utility Bonds or any other bonds that the District may hereafter issue for the Utility System.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2028, shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest thereon 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 Register.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by 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 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 2034, 2040, 2043 and 2047 are term bonds (the "Utility Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Utility 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 (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

The Utility Term Bonds

\$875,000 Term Bond due September 1, 2034

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2033	\$ 430,000
September 1, 2034 (maturity)	445,000

\$1,065,000 Term Bond due September 1, 2040

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2039	\$ 525,000
September 1, 2040 (maturity)	540,000

\$1,725,000 Term Bond due September 1, 2043

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2041	\$ 555,000
September 1, 2042	575,000
September 1, 2043 (maturity)	595,000

\$2,580,000 Term Bond due September 1, 2047

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2044	\$ 615,000
September 1, 2045	635,000
September 1, 2046	655,000
September 1, 2047 (maturity)	675,000

The Road Bonds maturing on September 1 in the years 2028, 2030, 2035, 2038, 2043 and 2047 are term bonds (the "Road Term Bonds," and together with the Utility Term Bonds, the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amount set forth in the following schedule:

The Road Term Bonds

\$275,000 Term Bond due September 1, 2028

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2027	\$ 135,000
September 1, 2028 (maturity)	140,000

\$295,000 Term Bond due September 1, 2030

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2029	\$ 145,000
September 1, 2030 (maturity)	150,000

\$510,000 Term Bond due September 1, 2035

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2033	\$ 165,000
September 1, 2034	170,000
September 1, 2035 (maturity)	175,000

\$555,000 Term Bond due September 1, 2038

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2036	\$ 180,000
September 1, 2037	185,000
September 1, 2038 (maturity)	190,000

\$860,000 Term Bond due September 1, 2043

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2040	\$ 205,000
September 1, 2041	210,000
September 1, 2042	220,000
September 1, 2043 (maturity)	225,000

\$980,000 Term Bond due September 1, 2047

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2044	\$ 235,000
September 1, 2045	240,000
September 1, 2046	250,000
September 1, 2047 (maturity)	255,000

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 Resolutions. The principal amount of any 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.

No Arbitrage

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City ("ETJ"), the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition does not apply during the term of a strategic partnership agreement ("SPA") between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF FORT WORTH."

Consolidation

The District's ability to consolidate with other municipal utility districts is limited by the Agreement Concerning Creation with the City of Fort Worth. Without prior City Council approval, the District shall not (a) convert into another type of district; (b) consolidate with another district; (c) divide into two or more new districts; or (d) seek additional governmental powers beyond those granted to the District by the TCEQ in the creation process.

Defeasance

The Bond Resolutions provide that the District may discharge its obligations to the Bondholders 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 Resolutions.

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 Resolutions, the District has specifically reserved the right to call the Bonds for redemption after the defeasance thereof.

Issuance of Additional Debt

The District intends to issue additional bonds from its voted authorization. The District's voters have authorized the issuance of \$132,600,000 principal amount of unlimited tax bonds for the Utility System and for the refunding of bonds issued by the District for the Utility System, \$33,150,000 principal amount of unlimited tax bonds for the Road System and for the refunding of bonds issued by the District for the Road System, and could authorize additional amounts.

The Utility Bonds are the first series of bonds to be issued by the District out of an aggregate \$132,600,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Utility System and for the refunding of bonds issued by the District for the Utility System. The Road Bonds are the first series of bonds to be issued by the District out of an aggregate of \$33,150,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing the Road System and for the refunding of bonds issued by the District for the Road System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$121,100,000 for the Utility System and for the refunding of bonds issued by the District for the Utility System; \$28,780,000 for the Road System and for the refunding of bonds issued by the District for the Road System; and any additional bonds as may hereafter be approved by both the Board and voters of the District.

The Bond Resolutions impose no limitation on the amount of additional parity bonds that may be issued by the District, if authorized by the District's voters, and, in the case of bonds for the Utility System, approved by the TCEQ. The District's issuance of the Road Bonds and the remaining \$28,780,000 principal amount of unlimited tax bonds for acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developers approximately \$15,000,000 for expenditures to construct the Utility System and approximately \$5,000,000 for expenditures to construct the Road System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$121,100,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Utility System will be sufficient to fully reimburse the Developers for the existing utility facilities and to fully finance utility facilities necessary to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$28,780,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Road System will be sufficient to fully to fully reimburse the Developers for the existing road improvements and to fully finance road improvements necessary to serve the remaining undeveloped but developable land within the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-to-property valuation ratios and might adversely affect the investment quality or security of the Bonds.

Amendments to the Bond Resolutions

The District may, without the consent of or notice to any Bondholders, amend the Bond Resolutions in any manner not detrimental to the interests of the Bondholders, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Bondholders 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 Resolutions, provided that, without the consent of the Bondholders 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 Resolutions relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Resolutions 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.

Bondholders' Remedies

The Bond Resolutions do not provide for the appointment of a trustee to represent the interests of the Bond holders upon any failure of the District to perform in accordance with the terms of the Bond Resolutions, or upon any other condition. Furthermore, the Bond Resolutions do not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Resolutions. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court has ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court

cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State of Texas or a political subdivision of the State of Texas is a party, including the payment of monies due under a contract.

The District is also eligible to seek relief from its creditors under Chapter 9. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Resolutions and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See “- Bankruptcy Limitation to Bondholders’ Rights” below.

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.

Use and Distribution of Utility Bond Proceeds

Proceeds from the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse 170 Northstar (defined herein) for a portion of the improvements and related costs as shown below. Additionally, proceeds from the sale of the Utility Bonds will be used to reimburse 170 Northstar for the portion of the improvements and related costs that were not reimbursed by the BAN, and to pay eighteen (18) months of capitalized interest, developer interest, BAN interest, and other costs associated with the issuance of the Utility Bonds.

<u>Construction Costs</u>	<u>District's Share</u>
A. Developer Contribution Items	
1. Northstar Parkway - W, WW, & D	\$ 5,224,339
2. Northstar Section 1 Phase 1 - W, WW, & D	747,379
3. Pipeline Relocation	425,520
4. City of Fort Worth Fees (5.54% of Item 1)	289,400
5. Engineering (12.11% of Item 1)	632,922
6. Storm Water Pollution Prevention (0.51% of Item 1)	26,858
Total Developer Contribution Items	<u>\$ 7,346,418</u>
 B. District Items	
1. City of Fort Worth Impact Fees	\$ 1,238,484
Total District Items	<u>\$ 1,238,484</u>
 Total Construction Costs (74.65% of Bond Issue Requirement)	 <u>\$ 8,584,902</u>
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 270,000
B. Fiscal Agent Fees	230,000
C. Interest Costs	
1. Capitalized Interest (18 Months)	663,544
2. Developer Interest	537,695
3. BAN Interest	99,489
D. Bond Discount	342,453
E. Bond Issuance Expense	43,828
F. Bond Anticipation Note Costs	149,530
G. Operating Advances (1.63%)	187,168
H. Creation Costs	222,327
I. Bond Application Report Costs	62,500
J. Attorney General Fee (0.10% or \$9,500 Max)	9,500
K. TCEQ Bond Issuance Fee (0.25%)	28,750
L. Contingency (a)	68,314
Total Non-Construction Costs (22.91% of Bond Issue Requirement)	<u>\$ 2,915,098</u>
 Total Bond Issue Requirement	 \$ 11,500,000

(a) Represents the sum of the difference between the estimated and actual amounts of capitalized interest on the Utility Bonds, BAN interest, and discount on the Utility Bonds.

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, where required. 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.

Use and Distribution of Road Bond Proceeds

Proceeds from the sale of the Road Bonds will be used to reimburse 170 Northstar for the improvements and related engineering costs as shown below. Additionally, a portion of the proceeds of the Road Bonds will be used to pay eighteen (18) months of capitalized interest, developer interest, and other costs associated with the issuance of the Road Bonds.

<u>Construction Costs</u>	<u>District's Share</u>
1. Northstar Parkway Improvements – Paving	\$ 3,173,045
2. Northstar Parkway – Culvert Crossing	297,120
Total Construction Costs	<u>\$ 3,470,165</u>
<u>Non-Construction Costs</u>	
1. Legal Fees	\$ 124,250
2. Financial Advisor Fees	87,400
3. Developer Interest	227,536
4. Capitalized Interest (18 Months)	264,413
5. Bond Discount	131,100
6. Administrative & Issuance Expenses	60,766
7. Attorney General's Fee (0.10%)	4,370
Total Non-Construction Costs	<u>\$ 899,835</u>
Total Bond Issue Requirement	\$ 4,370,000

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer (herein defined) and the Financial Advisor (herein defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Road Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, limited, however, to the purposes for which the Road Bonds were issued.

The Engineer has advised the District that proceeds of the sale of the Road Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

[Remainder of this page intentionally left blank]

DISTRICT DEBT

2021 Taxable Assessed Valuation.....	\$	35,139,596	(a)
Estimated Valuation as of February 16, 2022	\$	168,368,285	(b)
Direct Debt:			
The Utility Bonds	\$	11,500,000	
The Road Bonds	\$	<u>4,370,000</u>	
Total.....	\$	15,870,000	
Estimated Overlapping Debt.....	\$	<u>1,764,944</u>	(c)
Total Direct and Estimated Overlapping Debt	\$	17,634,944	(c)
Direct Debt Ratios:			
Based on the 2021 Taxable Assessed Valuation		45.16	%
Based on the Estimated Valuation as of February 16, 2022.....		9.43	%
Direct and Estimated Overlapping Debt Ratios:			
Based on the 2021 Taxable Assessed Valuation		50.19	%
Based on the Estimated Valuation as of February 16, 2022.....		10.47	%
Utility System Debt Service Fund Balance (as of delivery of the Utility Bonds)	\$	663,544	(d)
Road System Debt Service Fund Balance (as of delivery of the Road Bonds).....	\$	264,413	(e)
Capital Projects Fund Balance (as of February 8, 2022).....	\$	350,521	
General Operating Fund Balance (as of February 8, 2022).....	\$	169,908	
2021 Tax Rate			
Maintenance & Operation.....		<u>\$1.00</u>	(f)
Total.....		\$1.00	
Average Annual Debt Service Requirement (2022–2047)	\$	954,842	(g)
Maximum Annual Debt Service Requirement (2024).....	\$	1,068,638	(g)
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Requirement (2022–2047) at 95% Tax Collections			
Based on the 2021 Taxable Assessed Valuation.....		\$2.87	
Based on the Estimated Valuation as of February 16, 2022.....		\$0.60	
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Requirement (2024) at 95% Tax Collections			
Based on the 2021 Taxable Assessed Valuation.....		\$3.21	
Based on the Estimated Valuation as of February 16, 2022.....		\$0.67	

- (a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2021, as provided by the Appraisal Districts. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for information purposes only. This estimate reflects the addition of taxable value resulting from new construction within the District from January 1, 2021, through February 16, 2022. No taxes will be levied on this estimate. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest to be deposited in the Utility System Debt Service Fund upon closing and delivery of the Utility Bonds. Neither Texas law nor the Utility Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System, including the Road Bonds.
- (e) Represents eighteen (18) months of capitalized interest to be deposited in the Road System Debt Service Fund upon closing and delivery of the Road Bonds. Neither Texas law nor the Road Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System, including the Utility Bonds.
- (f) The District intends to levy debt service tax rates beginning in 2022 for the Utility System and the Road System.
- (g) See "DISTRICT DEBT – Debt Service Requirements."

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 *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 December 31, 2021	Overlapping	
		Percent	Amount
Tarrant County (a)	\$ 213,675,000	0.01%	\$ 27,552
Tarrant County Hospital District (a)	255,995,000	0.01%	32,949
Tarrant County College (a)	14,495,000	0.01%	1,852
Wise County (b)	7,355,000	0.06%	4,239
Denton County (c)	571,605,000	0.00%	2,250
Northwest ISD	1,223,981,739	0.14%	<u>1,696,103</u>
Total Estimated Overlapping Debt			\$ 1,764,944
The District (d)			\$15,870,000
Total Direct & Estimated Overlapping Debt (e).....			\$17,634,944

(a) As of certification, \$29,640,189 of the District's 2021 taxable assessed valuation lies within Tarrant County.

(b) As of certification, \$5,048,294 of the District's 2021 taxable assessed valuation lies within Wise County.

(c) As of certification, \$451,113 of the District's 2021 taxable assessed valuation lies within Denton County.

(d) The Bonds.

(e) Includes the Bonds.

Debt Ratios

Direct Debt Ratios (a):

Based on the 2021 Taxable Assessed Valuation	45.16 %
Based on the Estimated Valuation as of February 16, 2022.....	9.43 %

Direct and Estimated Overlapping Debt Ratios (a):

Based on the 2021 Taxable Assessed Valuation	50.19 %
Based on the Estimated Valuation as of February 16, 2022.....	10.47 %

(a) Includes the Bonds.

Debt Service Requirements

The following schedule sets forth the annual principal and interest requirements of the Bonds. Totals may not sum due to rounding.

Calendar Year	The Utility Bonds		The Road Bonds		Total Combined Debt Service
	Principal	Interest	Principal	Interest	
2022	-	\$ 153,598	-	\$ 61,207	\$ 214,805
2023	-	442,363	-	176,275	618,638
2024	\$ 325,000	442,363	\$ 125,000	176,275	1,068,638
2025	335,000	423,675	125,000	169,088	1,052,763
2026	345,000	404,413	130,000	161,900	1,041,313
2027	355,000	384,575	135,000	154,425	1,029,000
2028	370,000	364,163	140,000	147,338	1,021,500
2029	380,000	349,363	145,000	139,988	1,014,350
2030	390,000	334,163	150,000	132,375	1,006,538
2031	405,000	318,563	155,000	124,500	1,003,063
2032	420,000	302,363	160,000	116,363	998,725
2033	430,000	285,563	165,000	107,963	988,525
2034	445,000	271,588	170,000	102,600	989,188
2035	460,000	257,125	175,000	97,075	989,200
2036	475,000	242,175	180,000	91,388	988,563
2037	490,000	226,738	185,000	85,538	987,275
2038	505,000	210,813	190,000	79,525	985,338
2039	525,000	194,400	200,000	73,350	992,750
2040	540,000	176,025	205,000	66,850	987,875
2041	555,000	157,125	210,000	59,675	981,800
2042	575,000	137,700	220,000	52,325	985,025
2043	595,000	117,575	225,000	44,625	982,200
2044	615,000	96,750	235,000	36,750	983,500
2045	635,000	73,688	240,000	27,938	976,625
2046	655,000	49,875	250,000	18,938	973,813
2047	675,000	25,313	255,000	9,563	964,875
Total	\$11,500,000	\$ 6,442,048	\$ 4,370,000	\$ 2,513,832	\$24,825,880

Average Annual Debt Service Requirement (2022–2047) \$954,842

Maximum Annual Debt Service Requirement (2024).....\$1,068,638

[Remainder of this page intentionally left blank]

TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Tax Code (the “Tax Code”) relating to the District’s ability to levy and collect property taxes on property within the District. Provisions of the Tax Code are complex and are not fully summarized herein. Reference is made to the 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 Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Utility Bonds and any additional bonds payable from taxes issued by the District for the Utility System, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Utility Bond Resolution to levy such a tax from year to year as described more fully above under “THE BONDS – Source of Payment.” The Board is further 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 Road Bonds and any additional bonds payable from taxes issued by the District for the Road System, and to pay the expenses of assessing and collecting such taxes. Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. For the 2021 tax year, the District levied a total tax of \$1.00 per \$100 of assessed valuation composed wholly of a maintenance and operations tax rate of \$1.00 per \$100 of assessed valuation. The District intends to levy debt service taxes beginning in 2022 for the Utility System and the Road System. See “TAX DATA – Tax Rate Limitation.”

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized 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 (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 districts. The Appraisal Districts for Tarrant County, Wise County, and Denton County have the responsibility of appraising property for all taxing units within Tarrant County, Wise County, and Denton County, respectively, including the District. Such appraisal values will be subject to review and change by the Appraisal Districts. The appraisal roll, as approved by the Tarrant County Appraisal Review Board, the Wise County Appraisal Review Board, and the Denton Central Appraisal Review Board respectively (collectively the “Appraisal Review Boards”), 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 appraisers 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 Boards have 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 Boards may appeal a final determination by the Appraisal Review Boards 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 Boards, 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.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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. To date, the District has not granted such exemptions. 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 for the full value of the veteran's residence 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. In addition, a partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

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

Freeport Goods and Goods-in-Transit: 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.

Reappraisal of Property 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% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, an 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.

Tax Abatement

Tarrant County, Wise County, and Denton County may each designate all or part of the area within such County as a reinvestment zone. Thereafter, either Northwest Independent School District or 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 jurisdiction. None of the area within the District has been designated as a reinvestment zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

The Property Tax Code requires the Appraisal Districts to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal Districts at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal Districts a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal Districts choose to formally include such values on its appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, 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 Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

For the 2021 tax year, the Board designated the District as a Developing District. For future tax years, a determination as to the District's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. 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 and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Boards 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 Districts to compel compliance with the Tax Code.

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least 1/4th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

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

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 of Texas 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 (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers 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 additional tax-supported bonds issued by the District for the Utility System. The District is authorized to levy separate debt service taxes, both unlimited as to rate or amount, for payment of debt service on bonds issued for the Utility System, including the Utility Bonds, and for payment of debt service on bonds issued for the Road System, including the Road Bonds. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due November 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. In the Bond Resolutions, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, taxes that are ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such taxes 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. For the 2021 tax year, the District levied a total tax of \$1.00 per \$100 of assessed valuation composed wholly of a maintenance and operations tax rate of \$1.00 per \$100 of assessed valuation. The District intends to levy debt service taxes beginning in 2022 for the Utility System and the Road System.

Tax Exemptions

As discussed in the section entitled “TAXING PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads for taxation.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Property Tax Code.

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).
Utility System Maintenance:	\$1.00 per \$100 of assessed valuation.
Road System Maintenance:	\$0.25 per \$100 of assessed valuation.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2020 and 2021 tax years:

<u>Tax Year</u>	<u>Certified Taxable Value</u>	<u>Tax Rate (a)</u>	<u>Adjusted Tax Levy</u>	<u>Collections Current Year</u>	<u>Current Year Ending 9/30</u>	<u>Collections 01/31/2022</u>
2020	\$ 7,063,671	\$1.000	\$ 70,637	100.00%	2021	100.00%
2021	35,139,596	1.000	351,396	68.34% (b)	2022	68.34% (b)

(a) See “– Tax Rate Distribution” below.

(b) Collections as of January 31, 2022. Due to an administrative issue within the Tarrant County Tax Office, property owners within Denton and Wise Counties were not billed timely. The tax bills for those property owners are still in the process of collection. Such tax bills are not considered delinquent at this time.

Tax Rate Distribution

The following table sets out the tax rates levied by the District for the 2020 and 2021 tax years:

	<u>2021</u>	<u>2020 (a)</u>
Maintenance and Operations	<u>\$1.000</u>	<u>\$1.000</u>
Total	\$1.000	\$1.000

(a) The District’s initial tax levy.

Analysis of Tax Base

The following table illustrates the District’s total taxable assessed value in the tax years 2019–2021 by type of property:

<u>Type of Property</u>	<u>2021 Taxable Assessed Valuation</u>	<u>2020 Taxable Assessed Valuation</u>	<u>2019 Taxable Assessed Valuation</u>
Land	\$ 41,427,602	\$ 6,752,958	\$ 136,256
Improvements	257,240	210,330	–
Personal Property	95,971	100,383	–
Exemptions	<u>(6,641,217)</u>	–	–
Total	\$ 35,139,596	\$ 7,063,671	\$ 136,256

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Taxable Value 2021 Tax Roll	Percentage of District's 2021 Taxable Value
Northstar Ranch LLC (a)	Land	\$ 7,473,623	21.27%
Meritage Homes of Texas LLC (a)(b)	Land & Improvements	7,366,500	20.96%
HMH Lifestyles LP (b)	Land & Improvements	4,341,910	12.36%
170 Northstar Ranch Developer Inc. (a)	Land & Improvements	2,102,351	5.98%
DR Horton - Texas LTD (a)(b)	Land & Improvements	1,810,770	5.15%
Riverside Homebuilders LTD (b)	Land & Improvements	1,347,300	3.83%
Homeowner	Land & Improvements	240,680	0.68%
SWG Pipeline LLC	Land & Improvements	68,361	0.19%
Homeowner	Land & Improvements	65,625	0.19%
Homeowner	Land & Improvements	58,810	0.17%
Total		\$ 24,875,930	70.79%

- (a) See "THE DEVELOPERS/PRINCIPAL LANDOWNERS" below and "Analysis of Tax Base" above.
- (b) See "DEVELOPMENT STATUS OF THE DISTRICT - Homebuilders within the District."

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 on the Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2021 (\$35,139,596) or the estimated valuation as of February 16, 2022 (\$168,368,285). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2022-2047)	\$ 954,842
Debt Service Tax of \$2.87 on the 2021 Taxable Assessed Valuation produces.....	\$ 958,081
Debt Service Tax of \$0.60 on the Estimated Valuation as of February 16, 2022, produces	\$ 959,699
Maximum Annual Debt Service Requirement (2024).....	\$ 1,068,638
Debt Service Tax of \$3.21 on the 2021 Taxable Assessed Valuation produces.....	\$ 1,071,582
Debt Service Tax of \$0.67 on the Estimated Valuation as of February 16, 2022, produces	\$ 1,071,664

[Remainder of this page intentionally left blank]

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 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.

Taxing Jurisdiction	2021 Tax Rate		
	Tarrant County	Wise County	Denton County
The District	\$ 1.000000	\$ 1.000000	\$ 1.000000
Tarrant County	0.229000	-	-
Northwest ISD	1.292000	1.292000	1.292000
Tarrant County Hospital District	0.224429	-	-
Tarrant County College District	0.130170	-	-
ESD No. 1	0.081900	-	-
Wise County	-	0.295000	-
Wise FM Flood – Lateral	-	0.045000	-
Wise County Branch Maintenance	-	0.040000	-
WCID No. 1	-	0.008789	-
Denton County	-	-	0.233086
Total	\$ 2.957499	\$ 2.680789	\$ 2.525086

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 Order of the TCEQ dated January 12, 2017, and 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. The District is 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; and the control and diversion of storm water. Pursuant to the Order of the TCEQ and House Bill No. 4331 (85th Session of the Texas Legislative, Regular Session), codified as Chapter 8011 of the Texas Special District Local Laws Code, the District has the authority under Article III, Section 52 of the Texas Constitution to acquire, construct, finance, improve, operate or maintain macadamized, graveled or paved roads or improvements, including storm drainage, in aid of those roads. 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 as created encompassed approximately 719.903 acres. Effective June 27, 2017, the District annexed approximately 13.745 acres and currently encompasses approximately 733.65 acres. The District is a political subdivision of the State of Texas located at the intersection of Tarrant County, Wise County, and Denton County, approximately 17 miles northwest of the Central Business District of the City, and wholly within the extraterritorial ("ETJ") of the City. The District is bounded on the west by State Highway 287 and is bisected by Bates Aston Road.

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. None of the present members of the Board reside within the District, but all own real property located within the boundaries of the District. Directors are elected in even-numbered years for staggered, four-year terms. The present members and officers of the Board are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Sharon Crockett	President	2024
Maggie Cleveland	Vice President	2022
Kristin Lea Hull	Secretary	2022
Ann Davis	Assistant Secretary	2024
Cindy Criswell	Assistant Secretary	2022

The District has contracted with following companies to manage various functions:

Tax Assessor/Collector: The District's Tax Assessor/Collector is the Tarrant County Tax Assessor-Collector.

Bookkeeper: Kathi Dye, CPA, LLC, serves as bookkeeper to the District.

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. McCall Gibson Swedlund Barfoot PLLC performed the audit of the District's financial statements for the fiscal year ended April 30, 2021. See "APPENDIX A."

Engineer: The District's consulting engineer is Elevation Land Solutions, LLC (the "Engineer").

Bond Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, 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.

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 fee to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds is 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.

STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF FORT WORTH

Effective August 20, 2018, the District entered into a Strategic Partnership Agreement ("SPA") with the City. The District and the City agree that the City may annex certain property within the District for the limited purpose of collecting sales and use tax revenues on eligible commercial activities, in accordance with Section 43.0751, Texas Local Government Code. The City will pay the District 50% of the sales and use tax revenues collected during the first nineteen (19) years of the Limited Purpose Annexation Period. During the nineteenth year of the Limited Purpose Annexation Period, the City will retain 50% of the payment otherwise due to the District, up to a maximum of \$300,000. Thereafter, the City will pay to the District an amount equal to 25% of the sales and use tax revenues collected commencing on the first day of the twentieth year of the Limited Purpose Annexation Period.

The District is required to deposit the District's share of sales and use tax revenues in a segregated interest-bearing account and such revenues may be used in the following order or priority: (i) reimbursement for the construction or installation of infrastructure; (ii) funding the constructing, acquisition or installation of infrastructure; (iii) funding for any purpose for which the District may legally expend funds, provided the District shall not fund any such items if the District's ad valorem tax rate is less than 90% of the City's ad valorem tax rate for the previous year; and (iv) purchasing and retiring any bond after the tenth anniversary of its issuance.

DEVELOPMENT STATUS OF THE DISTRICT

The District encompasses approximately 733.65 total acres of land, which is being developed as the single-family subdivision known as “Northstar.” To date, approximately 620 single-family lots (208.09 acres) have been developed as Northstar, Sections 1 and 2. As of February 22, 2022, development within the District included 359 completed homes (349 of which being occupied, 4 unoccupied, and 6 model homes), 130 homes under construction, and 131 developed but vacant lots. In addition, approximately 151.30 acres (602 single-family lots) are currently under development as Northstar, Section 2, Phase 3 and Northstar, Sections 3 – 4.

The remaining land within the District consists of approximately 309.83 undeveloped but developable acres and approximately 64.43 undevelopable acres.

The table below summarizes the development within the District as of February 22, 2022, by section.

Northstar	Section Acreage (a)	Section Total Lots	Homes Completed	Homes Construction	Vacant Lots
Section 1	142.89	408	298	71	39
Section 2 (b)	65.20	212	61	59	92
Total Developed Residential	208.09	620	359	130	131
Residential Under Construction (c)	151.30				
Undeveloped but Developable (d)	309.83				
Undevelopable	64.43				
District Total	733.65				

(a) The platted acreage includes land for residential lots, an amenity center, open spaces, drill sites and streets within each section.

(b) Comprised of Phase 1 (approximately 27.5 acres as 127 lots) and Phase 2 (approximately 37.7 acres as 85 lots). Includes approximately 17.75 acres of undevelopable land.

(c) Includes Section 2, Phase 3 (approximately 25.5 acres as 88 lots), Section 3, Phase 1 (approximately 59.5 acres as 202 lots), Section 4, Phase 1 (approximately 40.5 acres as 201 lots), and Section 4, Phase 3 (approximately 25.8 acres as 111 lots).

(d) Includes approximately 19.38 acres planned for commercial development and approximately 13.41 acres planned for a school site(s).

Homebuilders within the District

Homebuilders active in the District include DR Horton, Meritage, HistoryMaker Homes, and Riverside Homebuilders. The homes being marketed in the District range in size from approximately 1,500 to 4,300 square feet and in price from approximately \$310,000 to \$500,000.

[Remainder of this page intentionally left blank]

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(January 2022)

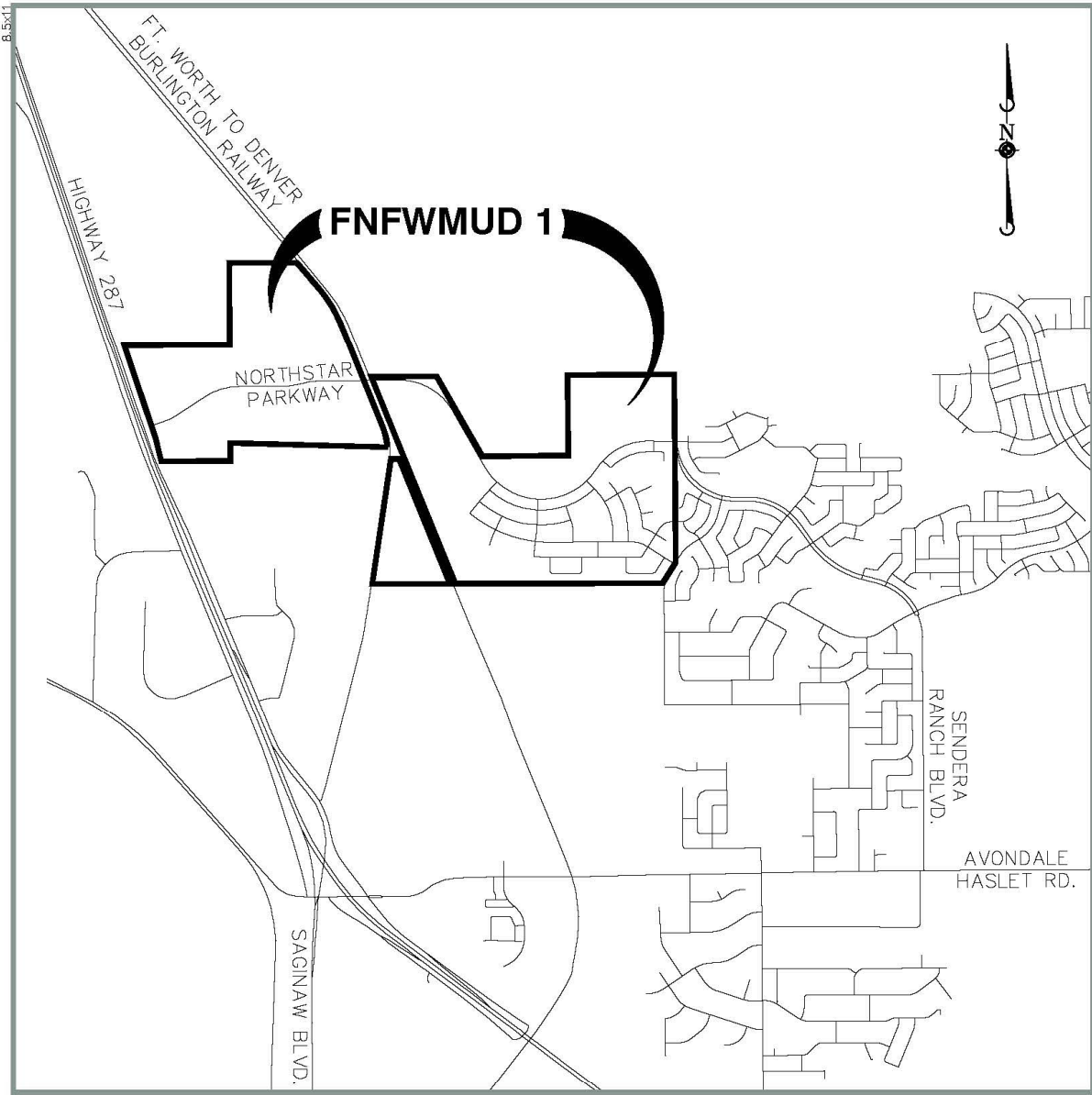


PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(January 2022)



LOCATION MAP OF THE DISTRICT



DENTON, TARRANT, AND WISE COUNTIES, TEXAS

ZIP CODE 76052

LOCATION MAP

1" = 1/2 MILE

ATTACHMENT 4

FAR NORTH FORT WORTH MUD NO. 1

LOCATION MAP



THE DEVELOPERS/PRINCIPAL LANDOWNERS

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 Developers and Principal Landowners

- Northstar Ranch and 170 Northstar -

Northstar Ranch, LLC ("Northstar Ranch"), a Texas limited liability company, managed by Kim Gill and Timothy Fleet, is a single purpose entity created for the purpose of owning, as an investment, land within the District. 170 Northstar Ranch Developer, Inc. ("170 Northstar"), a Texas corporation, also managed by Kim Gill and Timothy Fleet, was created for the purpose of purchasing and developing land within the District. Both Northstar Ranch and 170 Northstar are thinly capitalized companies whose assets consist primarily of the land in the District and, in the case of 170 Northstar, the receivables due from the District for eligible public infrastructure costs.

Northstar Ranch initially purchased all of the land within the District, approximately 734 acres. Of such acres, Northstar Ranch sold approximately 425 acres to 170 Northstar for the purpose of developing land within the District. As of February 22, 2022, Northstar Ranch continues to own approximately 309 acres of land within the District.

To date, 170 Northstar has developed approximately 143 acres as Northstar, Section 1 and subsequently sold approximately 86 acres to DR Horton (defined herein) and approximately 67 acres to Meritage (defined herein) for their respective developments. As of February 22, 2022, 170 Northstar is currently developing approximately 26 acres (111 single-family lots) as Northstar, Section 4, Phase 3 and continues to own 22 vacant developed lots and approximately 104 acres of land within the District.

- DR Horton -

D.R. Horton-Texas, Ltd. ("DR Horton"), a Texas limited partnership, is a developer and homebuilder within the District. DR Horton purchased approximately 86 acres of land within the District from 170 Northstar, on which it is currently developing 202 single-family lots as Northstar, Section 3 and 201 single-family lots as Northstar, Section 4, Phase 1.

DR Horton is a subsidiary of and controlled by D.R. Horton, Inc. ("DHI"). DHI is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "DHI." Audited financial statements for D.R. Horton, Inc. can be found online at <https://investor.drhorton.com>. DR Horton is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements, and other information filed by DR Horton can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

- Meritage -

Meritage Homes of Texas, LLC (“Meritage”), an Arizona limited liability company, is a developer and homebuilder within the District. Meritage purchased approximately 67 acres of land within the District from 170 Northstar, on which it has developed 212 single-family lots as Northstar, Section 2, Phases 1 and 2, and is currently developing 88 single-family lots as Northstar, Section 2, Phase 3. As of February 22, 2022, Meritage continues to own 77 vacant developed lots within the District.

Meritage is a subsidiary of and controlled by Meritage Home Corporation (“MHC”). Meritage is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol “MTH.” Audited financial statements for MHC can be found online at <https://investors.meritagehomes.com>. Meritage is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements, and other information filed by MHC can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

170 Northstar, DR Horton, and Meritage are collectively referred to herein as the “Developers.” See “TAX DATA – Principal Taxpayers.”

The District makes no representation as to the likelihood of the planned development to occur or the pace at which the planned development might occur.

Development Financing

- Northstar Ranch -

Northstar Ranch financed the purchase of land within the District with a loan from Simmons Bank in the amount of \$12,000,000.00 with variable interest rate equal to Prime + 0.50%. Such loan matures on August 12, 2023, and is secured by the land within the District. As of January 31, 2022, the balance on such loan was \$3,439,372.81.

- 170 Northstar -

170 Northstar has financed the development of Northstar with a development loan from Simmons Bank in the amount of \$23,879,111.00 with variable interest rate equal to Prime + 0.50%. Such loan matures on August 12, 2023, and is secured by certain land within the District. As of January 31, 2022, the balance on such loan was \$9,941,809.80

170 Northstar also has a loan from Community Bank in the amount of \$5,000,000.00 with fixed interest rate equal to 4.00%. Such loan matures on February 12, 2026, and is secured by District reimbursements related to Phase 1, Section 1. As of January 31, 2022, the balance on such loan was \$4,000,000.00.

According to the 170 Northstar and Northstar Ranch, the loans are currently in compliance with all material terms of such loans.

- DR Horton -

DR Horton has financed its development with available funds on hand.

- Meritage -

Meritage has financed its development with available funds on hand.

Lot-Sales Contracts

- 170 Northstar -

170 Northstar entered into lot sales contract with each of DR Horton, HistoryMaker Homes, and Riverside Homebuilders. The contracts for the sale of lots between 170 Northstar and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. 170 Northstar's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit.

According to 170 Northstar, each of the builders is in compliance with its lot-sales contract. As of February 22, 2022, the approximate total number of lots contracted and purchased by each builder is listed below:

Builder	Total Lots Contracted	Total Lots Purchased
DR Horton	132	132
HistoryMaker Homes	131	125
Riverside Homebuilders	131	129
Totals	394	386

- Meritage -

Meritage entered into a lot sales contract with HistoryMaker Homes. The contract for the sale of lots between Meritage and HistoryMaker Homes requires that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contract establishes certain required lot purchases quarterly, with the earnest money deposit being returned to HistoryMaker Homes upon purchase of the last lots under each contract. Meritage's sole remedy for HistoryMaker Homes not purchasing lots in accordance with the contract is cancellation of the contract and retention of the remaining earnest money on deposit.

According to Meritage, HistoryMaker Homes is in compliance with its respective lot-sales contract. As of February 22, 2022, the approximate total number of lots contracted and purchased by HistoryMaker Homes is listed below:

Builder	Total Lots Contracted	Total Lots Purchased
HistoryMaker Homes	60	6
Totals	60	6

THE SYSTEMS

Regulation

According to the Engineer, the water distribution, wastewater collection and storm water drainage facilities and roads constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, Tarrant County, Texas, Wise County, Texas, and Denton County, Texas. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and, the water and sanitary sewer system has been inspected by the appropriate jurisdictional entities.

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

Description of the Systems

- Utility and Infrastructure Agreement -

On October 17, 2017, the District entered into a Utility and Infrastructure Agreement (the “Utility Agreement”) with the City and Northstar Ranch. The Utility Agreement was amended on August 20, 2018, and August 3, 2021 and Northstar Ranch has assigned all rights and obligations under the Utility Agreement to 170 Northstar. The District is located in an area for which the City is the retail water service and retail wastewater treatment service provider. The City will provide retail water service and retail wastewater treatment service to the property within the District on the same terms and at the City’s generally applicable rates for comparable classes of customers outside the City’s corporate limits.

The Utility Agreement sets out requirements for the District to construct certain off-site water and wastewater infrastructure. The water and wastewater infrastructure will be conveyed to the City for full ownership, maintenance, and control.

- Roads -

Property within the District is accessible on the west by State Highway 287 and is bisected by Bates Aston Road. Both are major thoroughfares that lie outside the District’s boundary but provide access to the development. As part of the Utility Agreement, 170 Northstar must provide certain improvements to these roads. The District will fund all road improvements determined by the City or Texas Department of Transportation (“TxDOT”) that benefit the District. All roadway facilities will be designed in accordance with criteria established by TxDOT, the City, Tarrant County, Wise County, and Denton County. Upon completion and inspection of the roadway facilities, all of the facilities will then be conveyed to Tarrant County, Wise County, and Denton County for ownership and maintenance.

- Wastewater Treatment Facilities -

Pursuant to the Utility Agreement, the City agrees to provide retail wastewater service to the District to serve full development. The City agrees to own, operate, and maintain the facilities and charge user fees at the City’s generally applicable rates for comparable classes of customers outside the City’s corporate limits. Under the Utility Agreement, 170 Northstar agrees to finance and construct on behalf of the District the internal wastewater facilities and dedicate sites thereunder.

The District’s wastewater is treated at the City’s 166 MGD Village Creek WWTP, TPDES Permit No. WQ0010494013.

- Water Supply and Distribution -

Customers of the District receive water service from the City pursuant to the terms and provisions of the Utility Agreement. As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water facilities to serve land in the District (the “Water System”), and when completed in accordance with approved plans and specifications, to convey title to the Water System to the City. The City operates and maintains the Water System and is responsible for establishing water rates and billing and collection for such services.

- Drainage -

The stormwater is conveyed through the storm sewers and then to Henrietta Creek, and eventually to Grapevine Lake. There is a total of approximately 19 acres within drainage reserves/floodplain. None of this acreage is planned for development. The District will be responsible for future maintenance of such drainage facilities.

- Impact Fees -

The City currently charges \$1,870 for water and \$1,420 for wastewater impact fees for 5/8” residential connections. The Developers are responsible for paying them as building permits are issued.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of annual ad valorem taxes levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel.

In addition to serving as Bond Counsel, Allen Boone Humphries Robinson LLP also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

The District will furnish the Initial Purchasers 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 Purchasers 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 this Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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 Resolutions that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Resolutions 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.

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

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.

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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are not “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The financial information and operating data which will be provided 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 DEBT” (except for “Estimated Overlapping Debt Statement”), “TAX DATA,” and “APPENDIX A.” In addition, the District has agreed to provide information with respect to Northstar Ranch, Meritage, and any person or entity to whom such entities voluntarily assign (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The information provided will be of the general type included in this Official Statement under the heading “TAX DATA – Principal Taxpayers.” The District will be obligated to provide information concerning Northstar Ranch, Meritage, and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District’s debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District’s bonds then outstanding. The District will update and provide this information via EMMA within six months after the end of each fiscal year ending in or after 2022. 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 the period during which it must be provided. If the audit report is not complete within such period, then the District shall

provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 1Sc2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide 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 Developers, 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 Purchasers from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Bonds are the first issuance of bonded indebtedness by the District, and, as such, the District has not previously entered into a continuing disclosure agreement pursuant to SEC Rule 15c2-12.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developers, the Tax Assessor/Collector, the Tarrant County Appraisal District, the Wise County Appraisal District, and the Denton Central 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, orders 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 fiscal year ended April 30, 2021, has been provided by the District's auditor, McCall Gibson Swedlund Barfoot PLLC, and attached hereto as "APPENDIX A."

Experts

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "SALE AND DISTRIBUTION OF THE BONDS," "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT - General," "LEGAL MATTERS," "TAX MATTERS," "NOT QUALIFIED TAX-EXEMPT OBLIGATIONS," and "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

The information contained in this Official Statement relating to engineering and to the description of the Road System and Utility System generally and, in particular, the engineering information included in the sections captioned "DEVELOPMENT STATUS OF THE DISTRICT" and "THE SYSTEMS" 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 "THE DEVELOPERS/PRINCIPAL LANDOWNERS" and "DEVELOPMENT STATUS OF THE DISTRICT" has been provided by the Developers 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 Appraisal Districts 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

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

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchasers, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchasers elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchasers; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchasers, unless the Initial Purchasers notify the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of 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 Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties as of the date shown on the cover page hereof.

/s/ Sharon Crockett
President, Board of Directors
Far North Fort Worth Municipal Utility District No. 1 of
Tarrant and Wise Counties

ATTEST:

/s/ Kristin Lea Hull
Secretary, Board of Directors
Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties

APPENDIX A
Financial Statements of the District

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES**

TARRANT, DENTON, AND WISE COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2021

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES**

TARRANT, DENTON, AND WISE COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	7
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	9
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	10
NOTES TO THE FINANCIAL STATEMENTS	11-19
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	21
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	23
GENERAL FUND EXPENDITURES	24
TAXES LEVIED AND RECEIVABLE	25-26
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - ONE YEAR	27
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	28-29

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Far North Fort Worth Municipal Utility District No. 1
of Tarrant and Wise Counties
Tarrant, Denton, and Wise Counties, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties (the "District"), as of and for the year ended April 30, 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
Far North Fort Worth Municipal Utility District No. 1
of Tarrant and Wise Counties

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 major fund of the District as of April 30, 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 on pages 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
Certified Public Accountants
Houston, Texas

June 8, 2021

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2021**

Management's discussion and analysis of Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties' financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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, if applicable, 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 one governmental fund type. The General Fund accounts for maintenance tax revenues, developer advances and administrative expenditures.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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 exceeded assets by \$241,639 as of April 30, 2021. This is the District’s first audit. In future years a comparative analysis of government-wide changes in net position will be presented. The following table provides a summary of the Statement of Net Position for the year ended April 30, 2021:

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of the Statement of Net Position
	2021
Current Assets	\$ 41,949
Capital and Intangible Assets (Net of Accumulated Depreciation/Amortization)	12,904,367
Total Assets	\$ 12,946,316
Due to Developer	\$ 13,168,556
Other Liabilities	19,399
Total Liabilities	\$ 13,187,955
Net Position:	
Net Investment in Capital Assets	\$ (72,015)
Unrestricted	(169,624)
Total Net Position	\$ (241,639)

The following table provides a summary of the District's operations for the year ended April 30, 2021, which is the initial audit period for the District.

	Summary of the Statement of Activities
	2021
Revenues:	
Property Taxes	\$ 70,637
Other Revenues	3,132
Total Revenues	\$ 73,769
Total Expenses	150,028
Change in Net Position	\$ (76,259)
Net Position, Beginning of Year	(165,380)
Net Position, End of Year	\$ (241,639)

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by \$19,564, primarily due to property tax revenues and developer advances exceeding professional fees, contracted services and administrative costs during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted an unappropriated budget for the General Fund for the current fiscal year. Actual revenues were \$73,769 more than budgeted revenues, actual expenditures were \$47,487 more than budgeted expenditures and actual developer advances were \$6,718 less than budgeted developer advances. This resulted in a positive variance of \$19,564.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Certain water and wastewater infrastructure is conveyed to the City of Fort Worth for ownership and maintenance (see Note 8). These costs, along with impact fees paid by the District, are recorded as intangible assets and have an April 30, 2021, balance of \$6,384,405. The District retains ownership and maintenance of the drainage infrastructure which serves the District. Drainage infrastructure assets as of year-end totaled \$6,519,962 (net of accumulated depreciation).

LONG-TERM DEBT

As of April 30, 2021, the District recorded an amount due to Developer of \$13,168,556 which consists of payments made by the Developer for utilities infrastructure as well as District operating advances.

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 Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
APRIL 30, 2021**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 41,949	\$	\$ 41,949
Intangible Assets (Net of Accumulated Amortization)		6,384,405	6,384,405
Capital Assets (Net of Accumulated Depreciation)		<u>6,519,962</u>	<u>6,519,962</u>
TOTAL ASSETS	<u>\$ 41,949</u>	<u>\$ 12,904,367</u>	<u>\$ 12,946,316</u>
 LIABILITIES			
Accounts Payable	\$ 19,399	\$	\$ 19,399
Due to Developer		<u>13,168,556</u>	<u>13,168,556</u>
TOTAL LIABILITIES	<u>\$ 19,399</u>	<u>\$ 13,168,556</u>	<u>\$ 13,187,955</u>
 FUND BALANCE			
Unrestricted	<u>\$ 22,550</u>	<u>\$ (22,550)</u>	<u>\$ - 0 -</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 41,949</u>		
 NET POSITION			
Net Investment in Capital Assets		\$ (72,015)	\$ (72,015)
Unrestricted		<u>(169,624)</u>	<u>(169,624)</u>
TOTAL NET POSITION		<u>\$ (241,639)</u>	<u>\$ (241,639)</u>

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

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2021**

Total Fund Balance - Governmental Fund	\$	22,550
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		12,904,367
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		<u>(13,168,556)</u>
Total Net Position - Governmental Activities	\$	<u>(241,639)</u>

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

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 70,637	\$	\$ 70,637
Penalty and Interest	<u>3,132</u>	<u></u>	<u>3,132</u>
TOTAL REVENUES	<u>\$ 73,769</u>	<u>\$ - 0 -</u>	<u>\$ 73,769</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 63,687	\$	\$ 63,687
Contracted Services	8,306		8,306
Depreciation		72,015	72,015
Other	<u>6,020</u>	<u></u>	<u>6,020</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 78,013</u>	<u>\$ 72,015</u>	<u>\$ 150,028</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (4,244)</u>	<u>\$ (72,015)</u>	<u>\$ (76,259)</u>
OTHER FINANCING SOURCES (USES)			
Developer Advances	<u>\$ 23,808</u>	<u>\$ (23,808)</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 19,564	\$ (19,564)	\$
CHANGE IN NET POSITION		(76,259)	(76,259)
FUND BALANCE/NET POSITION - MAY 1, 2020	<u>2,986</u>	<u>(168,366)</u>	<u>(165,380)</u>
FUND BALANCE/NET POSITION - APRIL 30, 2021	<u>\$ 22,550</u>	<u>\$ (264,189)</u>	<u>\$ (241,639)</u>

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

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021**

Net Change in Fund Balance - Governmental Fund	\$	19,564
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds do not account for depreciation. However, in the Statement of Net Position, assets which meet the criteria are capitalized and depreciation expense is recorded in the Statement of Activities.</p>		(72,015)
<p>Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.</p>		(23,808)
Change in Net Position - Governmental Activities	\$	<u>(76,259)</u>

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

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 1. CREATION OF DISTRICT

Far North Fort Worth Municipal Utility District No. 1 of Tarrant and Wise Counties was created as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, by order of the Texas Commission on Environmental Quality (the “Commission”) dated January 12, 2017. The District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal for its residents.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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 Assets; 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.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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 net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund – To account for maintenance tax revenues, developer advances and administrative expenditures.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Capital Assets and Intangible Assets

Capital assets, which include certain storm drainage infrastructure, 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 \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives range from 10 to 45 years.

Intangible assets include water and wastewater facilities conveyed to the City of Fort Worth as further discussed in Note 8. Impact fees paid to the City are also included in this amount. These intangible assets are not amortized since the termination date of the agreement with the City is not fixed.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budget amounts 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.

Measurement Focus

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

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

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.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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. 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 \$41,949 and the bank balance was \$89,532. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at April 30, 2021, as listed below:

	Cash
GENERAL FUND	\$ 41,949

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

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

As of April 30, 2021, the District did not have any investments.

NOTE 4. RISK MANAGEMENT

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

NOTE 5. BONDS VOTED

The District has the authority to issue bonds in the maximum aggregate amount of \$132,600,000 for water, sewer, drainage and storm sewer facilities and for refunding of such bonds and \$33,150,000 for road infrastructure and for refunding of such bonds.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Intangible assets include water and wastewater facilities conveyed to the City of Fort Worth as further discussed in Note 8. Impact fees paid to the City are also included in this amount. These intangible assets are not amortized since the termination date of the agreement with the City is not fixed. Current year activity is as follows:

	May 1, 2020	Increases	Decreases	April 30, 2021
Intangible Assets Not Subject to Amortization				
Water and Sewer Infrastructure	\$ - 0 -	\$ 6,384,405	\$ - 0 -	\$ 6,384,405

The District retains ownership of drainage infrastructure. Current year activity is as follows:

	May 1, 2020	Increases	Decreases	April 30, 2021
Capital Assets Subject to Depreciation				
Drainage System	\$ - 0 -	\$ 6,591,977	\$ - 0 -	\$ 6,591,977
Less Accumulated Depreciation				
Drainage System	\$ - 0 -	\$ 72,015	\$ - 0 -	\$ 72,015
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ 6,519,962</u>	<u>\$ - 0 -</u>	<u>\$ 6,519,962</u>

NOTE 7. MAINTENANCE TAX

On May 6, 2017, 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 systems and other operating and maintenance expenses. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$1.00 per \$100 of assessed valuation, which resulted in a tax levy of \$70,637 on the adjusted taxable valuation of \$7,063,671 for the 2020 tax year.

On May 6, 2017, the voters of the District approved the levy and collection of a road maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used to pay for road related maintenance and improvements.

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.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 8. UTILITY AND INFRASTRUCTURE AGREEMENT

On October 17, 2017, the District entered into a Utility and Infrastructure Agreement (the “Agreement”) with the City of Fort Worth, Texas (“City”) and Northstar Ranch, LLC (“Owner”). The Agreement was amended on August 20, 2018. The District is located in an area for which the City is the retail water service and retail wastewater treatment service provider. The City will provide retail water service and retail wastewater treatment service to the property within the District on the same terms and at the City’s generally applicable rates for comparable classes of customers outside the City’s corporate limits.

The Agreement sets out requirements for the District to construct certain off-site water and wastewater infrastructure. The water and wastewater infrastructure will be conveyed to the City for full ownership, maintenance and control. The Agreement also provides for the construction of certain road improvements. Upon completion, the road improvements will be conveyed to Tarrant County, Denton County, or Wise County, as applicable, along with all applicable easements and rights-of-way. If a County does not accept such road improvements, the District will assume maintenance responsibilities.

NOTE 9. UNREIMBURSED DEVELOPER COSTS

The District and the Developers have entered into agreements which require the Developers to fund costs associated with water, sanitary sewer and drainage facilities, roads and operating advances. Reimbursement to the Developers for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds.

NOTE 10. ECONOMIC DEPENDENCY

The District’s Developer owns a substantial portion of the taxable property within the District. The Developer’s ability to make full and timely payments of taxes (to the extent levied by the District) and provide operating advances directly affects the District’s ability to meet its financial obligations. In the future, as in the past, the District may be reliant on the Developer for advances to meet operating needs and eliminate deficits as they occur.

NOTE 11. PENDING BOND ANTICIPATION NOTE

Subsequent to the report date, the District anticipates closing on the sale of its \$6,940,000 Series 2021 Bond Anticipation Note (BAN). The District will use proceeds of the BAN to reimburse the developer for a portion of the costs associated with construction and engineering of water, sanitary sewer, and drainage facilities to serve Northstar Parkway and Northstar, Section 1, Phase 1. Additional proceeds of the BAN will be used to reimburse the developer for impact fees, creation costs and developer advances as well as pay for BAN issuance costs.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021**

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective August 20, 2018, the District entered into a Strategic Partnership Agreement (the “Agreement”) with the City of Fort Worth, Texas. The District and the City agree that the City may annex certain property within the District for the limited purpose of collecting sales and use tax revenues on eligible commercial activities. The City will pay the District 50% of the sales and use tax revenues collected during the first 19 years of the Limited Purpose Annexation Period. During the 19th year of the Limited Purpose Annexation Period, the City will retain 50% of the payment otherwise due to the District, up to a maximum of \$300,000. Thereafter, the City will pay to the District an amount equal to 25% of the sales and use tax revenues collected commencing on the first day of the 20th year of the Limited Purpose Annexation Period.

The District is required to deposit the District’s share of sales and use tax revenues in a segregated interest-bearing account and may be used in the following order of priority: (1) reimbursement for the construction or installation of infrastructure; (2) funding the construction, acquisition or installation of infrastructure; (3) funding for any purpose for which the District may legally expend funds, provided the District’s ad valorem tax rate is less than 90% of the City’s ad valorem tax rate for the previous year; and (4) purchasing and retiring any bond after the 10th anniversary of its issuance.

NOTE 13. 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.

THIS PAGE INTENTIONALLY LEFT BLANK

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES**

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2021

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$	\$ 70,637	\$ 70,637
Penalty and Interest		<u>3,132</u>	<u>3,132</u>
TOTAL REVENUES	<u>\$ -0-</u>	<u>\$ 73,769</u>	<u>\$ 73,769</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 24,000	\$ 63,687	\$ (39,687)
Contracted Services	1,050	8,306	(7,256)
Other	<u>5,476</u>	<u>6,020</u>	<u>(544)</u>
TOTAL EXPENDITURES	<u>\$ 30,526</u>	<u>\$ 78,013</u>	<u>\$ (47,487)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (30,526)</u>	<u>\$ (4,244)</u>	<u>\$ 26,282</u>
OTHER FINANCING SOURCES(USES)			
Developer Advances	<u>\$ 30,526</u>	<u>\$ 23,808</u>	<u>\$ (6,718)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 19,564	\$ 19,564
FUND BALANCE - MAY 1, 2020	<u>2,986</u>	<u>2,986</u>	
FUND BALANCE - APRIL 30, 2021	<u>\$ 2,986</u>	<u>\$ 22,550</u>	<u>\$ 19,564</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES**

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2021

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2021**

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

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

2. RETAIL SERVICE PROVIDERS – NOT APPLICABLE

3. TOTAL WATER CONSUMPTION – NOT APPLICABLE

4. STANDBY FEES – NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No X

Counties in which District is located:

Tarrant, Denton, and Wise Counties, 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.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2021**

PROFESSIONAL FEES:	
Engineering	\$ 21,230
Legal	<u>42,457</u>
TOTAL PROFESSIONAL FEES	<u>\$ 63,687</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 3,847
Tax Collector/Appraisal District	<u>4,459</u>
TOTAL CONTRACTED SERVICES	<u>\$ 8,306</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 2,745
Insurance	2,992
Office Supplies, Postage and Other	<u>283</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 6,020</u>
TOTAL EXPENDITURES	<u><u>\$ 78,013</u></u>

See accompanying independent auditor's report.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2021**

	Maintenance Taxes	
TAXES RECEIVABLE - MAY 1, 2020	\$	
Adjustments to Beginning Balance	_____	\$ -0-
Original 2020 Tax Levy	\$ 70,637	
Adjustment to 2020 Tax Levy	_____	70,637
TOTAL TO BE ACCOUNTED FOR		\$ 70,637
TAX COLLECTIONS:		
Prior Years	\$	
Current Year	70,637	70,637
TAXES RECEIVABLE - APRIL 30, 2021		\$ -0-

See accompanying independent auditor's report.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2021**

	2020
PROPERTY VALUATIONS:	
Land	\$ 6,750,358
Improvements	212,930
Personal Property	100,383
TOTAL PROPERTY VALUATIONS	\$ 7,063,671
 TAX RATES PER \$100 VALUATION:	
Debt Service	\$ 0.00
Maintenance	1.00
TOTAL TAX RATES PER \$100 VALUATION	\$ 1.00
ADJUSTED TAX LEVY*	\$ 70,637
 PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	 100.00 %

* 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 of \$1.00 per \$100 assessed valuation approved by voters on May 6, 2017.

See accompanying independent auditor’s report.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - ONE YEAR**

	Amounts	Percentage of Total Revenues
	2021	2021
REVENUES		
Property Taxes	\$ 70,637	95.8 %
Penalty and Interest	3,132	4.2
TOTAL REVENUES	\$ 73,769	100.0 %
EXPENDITURES		
Service Operations:		
Professional Fees	\$ 63,687	86.3 %
Contracted Services	8,306	11.3
Other	6,020	8.2
TOTAL EXPENDITURES	\$ 78,013	105.8 %
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (4,244)	(5.8) %
OTHER FINANCING SOURCES (USES)		
Developer Advances	\$ 23,808	
NET CHANGE IN FUND BALANCE	\$ 19,564	
BEGINNING FUND BALANCE	2,986	
ENDING FUND BALANCE	\$ 22,550	
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	

See accompanying independent auditor's report.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2021**

District Mailing Address - Far North Fort Worth Municipal Utility District No. 1
of Tarrant and Wise Counties
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6406

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>April 30, 2021</u>	Expense Reimbursements for the year ended <u>April 30, 2021</u>	<u>Title</u>
Sharon Crockett	05/20 05/24 (Elected)	\$ 600	\$ -0-	President
Maggie Cleveland	05/18 05/22 (Elected)	\$ 600	\$ -0-	Vice President
Kristin Lea Hull	05/18 05/22 (Elected)	\$ 600	\$ -0-	Secretary
Ann Davis	05/20 05/24 (Elected)	\$ 450	\$ 8	Assistant Secretary
Cindy Criswell	05/18 05/22 (Elected)	\$ 300	\$ -0-	Assistant Vice President

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: May 18, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**FAR NORTH FORT WORTH MUNICIPAL UTILITY
DISTRICT NO. 1 OF TARRANT AND WISE COUNTIES
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2021</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	02/15/17	\$ 42,457	General Counsel
McCall Gibson Swedlund Barfoot PLLC	04/07/21	\$ -0-	Auditor
Dye & Tovery, LLC Kathi Dye	06/06/17	\$ 4,122 \$ -0-	Bookkeeper/ Investment Officer
Elevation Land Solutions (formerly known as Manhard Consulting, Ltd.)	01/26/18	\$ 21,230	Engineer
Robert W. Baird & Co. Incorporated	02/15/17	\$ -0-	Financial Advisor
Utility Tax Service, LLC	06/06/17	\$ 4,129	Tax Assessor/Collector
Linebarger Goggan Blair & Sampson, LLC	04/07/21	\$ -0-	Delinquent Tax Attorney

See accompanying independent auditor's report.

APPENDIX B

BAM Specimen Municipal Bond Insurance Policy



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

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX C

AGM Specimen Municipal Bond Insurance 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