

OFFICIAL STATEMENT DATED APRIL 25, 2023

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the District (hereinafter defined) after the date of initial delivery of the Bonds described below (the "Bonds") with certain covenants contained in the Bond Order (hereinafter defined) authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein.

The District did NOT designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE – Book Entry Only

S&P Global Ratings (BAM Insured) "AA"
Moody's Investors Service, Inc. (Underlying) "Baa3"

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

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

\$4,960,000
Unlimited Tax Road Bonds
Series 2023

Dated: May 1, 2023

Interest Accrues: Date of Delivery

Due: October 1, as shown on inside cover

The \$4,960,000 Unlimited Tax Road Bonds, Series 2023 (the "Bonds"), are obligations of Rockwall County Municipal Utility District No. 8 (the "District") and are not obligations of the State of Texas; Rockwall County, Texas; the City of Fate, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Rockwall County, Texas; the City of Fate, Texas; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

Interest on the Bonds accrues from the initial date of delivery (on or about May 24, 2023) (the "Date of Delivery"), and is payable on April 1, 2024, and on each October 1 and April 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year composed of twelve thirty-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated Regions Bank, an Alabama state banking corporation, in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds.

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



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

At an election on May 13, 2006, voters of the District authorized the District's issuance of a total of \$18,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System"), \$24,310,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System, \$18,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"), and \$23,790,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System. The Bonds represent the District's third issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, \$8,420,000 principal amount of unlimited tax bonds for the Utility System and \$6,490,000 principal amount of unlimited tax bonds for the Road System will remain authorized but unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and legally binding obligations of the District and be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are subject to certain investment considerations described herein. Prior to making an investment decision, prospective purchasers of the Bonds are encouraged to read this entire Official Statement, including particularly the section titled "INVESTMENT CONSIDERATIONS."

The Bonds are offered, when, as and if issued by the District, subject, among other things, to the approval of the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Dallas, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about May 24, 2023.

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

\$4,960,000 Unlimited Tax Road Bonds, Series 2023

\$3,525,000 Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 77427L (b)	Maturity October 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 77427L (b)
2025	\$120,000	6.250%	3.300%	EA0	***	***	***	***	***
2026	125,000	6.500%	3.300%	EB8	2039 (c)	220,000	4.000%	4.100%	EQ5
2027	130,000	6.500%	3.300%	EC6	2040 (c)	230,000	4.000%	4.140%	ER3
2028	135,000	6.500%	3.300%	ED4	2041 (c)	240,000	4.000%	4.180%	ES1
2029 (c)	140,000	6.500%	3.300%	EE2	2042 (c)	250,000	4.125%	4.220%	ET9
2030 (c)	150,000	6.500%	3.300%	EF9	2043 (c)	265,000	4.125%	4.240%	EU6
2031 (c)	155,000	6.500%	3.300%	EG7	2044 (c)	275,000	4.125%	4.260%	EV4
2032 (c)	160,000	6.500%	3.300%	EH5	2045 (c)	285,000	4.125%	4.280%	EW2
2033 (c)	170,000	5.875%	3.350%	EJ1	2046 (c)	300,000	4.125%	4.300%	EX0
2034 (c)	175,000	5.000%	3.450%	EK8					

\$1,435,000 Term Bonds

\$380,000 Term Bond Due October 1, 2036 (c)(d), Interest Rate: 4.000% (Price: \$100.787) (a), CUSIP No. 77427L EM4 (b)

\$410,000 Term Bond Due October 1, 2038 (c)(d), Interest Rate: 4.000% (Price: \$100.000) (a), CUSIP No. 77427L EP7 (b)

\$645,000 Term Bond Due October 1, 2048 (c)(d), Interest Rate: 4.125% (Price: \$96.411) (a), CUSIP No. 77427L EZ5 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (hereinafter defined). 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 have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Financial Advisor, or Initial Purchaser (each herein after defined) shall be responsible for the selection or correctness of the CUSIP numbers.
- (c) The Bonds maturing on and after October 1, 2029, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on May 1, 2029, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds - *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on October 1 in the years and in the amounts set forth herein under "THE BONDS - Redemption of the Bonds - *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, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Robert W. Baird & Co. Incorporated for further information.

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

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 Purchaser (hereinafter defined), and thereafter only as specified in “OFFICIAL STATEMENT – Updating of Official Statement.”

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the 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 "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 100.001018% of the par value thereof, which resulted in a net effective interest rate of 4.352265%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

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.

Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser. 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 Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2022, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$490.7 million, \$207.3 million and \$283.4 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

RATINGS

The Bonds will receive an insured rating of “AA” from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

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

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

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OFFICIAL STATEMENT SUMMARY

The following 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 summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The District..... Rockwall County Municipal Utility District No. 8 (the “District”), a political subdivision of the State of Texas, is located in Rockwall County, Texas. See “THE DISTRICT.”

The Bonds..... The \$4,960,000 Unlimited Tax Road Bonds, Series 2023 (the “Bonds”), are dated May 1, 2023, and mature on October 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 (on or about May 24, 2023) (the “Date of Delivery”), at the rates set forth on the inside cover page hereof, and is payable April 1, 2024, and each October 1 and April 1 thereafter until the earlier of stated maturity or redemption. See “THE BONDS.”

Redemption of the Bonds Bonds maturing on and after October 1, 2029, are subject to redemption, in whole or from time to time in part, at the option of the District, on May 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Redemption of the Bonds – *Optional Redemption.*”

The Bonds that mature on October 1 in the years 2036, 2038 and 2048 are term bonds (the “Term Bonds”), that are also subject to mandatory sinking fund redemption as provided herein under “THE BONDS – Redemption of the Bonds – *Mandatory Redemption.*”

Book-Entry-Only System..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”

Source of Payment Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Rockwall County, Texas; the City of Fate, Texas (“Fate”); or any political subdivision or entity other than the District. See “THE BONDS – Source of Payment.”

Authority for Issuance..... The Bonds are issued pursuant to (i) an order adopted by the Board on the date of sale of the Bonds (the “Bond Order”); (ii) Article III,

Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) the District Act (hereinafter defined); and (iv) an election held within the District on May 13, 2006. See "THE BONDS – Authority for Issuance" and "THE DISTRICT – General."

Voted Authorization.....At an election on May 13, 2006, voters of the District authorized the District's issuance of a total of \$18,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") as well as a total of \$24,310,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System.

At an election on May 13, 2006, voters of the District also authorized the District's issuance of a total of \$18,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System") as well as a total of \$23,790,000 principal amount of unlimited tax bonds of the purpose of refunding bonds issued by the District for the Road System. The Bonds constitute the District's third issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System.

After the issuance of the Bonds, the following voted authorization will remain authorized but unissued: \$8,420,000 principal amount of unlimited tax bonds for the Utility System; \$24,310,000 principal amount of unlimited tax refunding bonds for the Utility System; \$6,490,000 principal amount of unlimited tax bonds for the Road System; and \$23,790,000 principal amount of unlimited tax refunding bonds for the Road System. See "THE BONDS – Authority for Issuance."

Payment Record.....The District has never defaulted on the timely payment of debt service due on its prior bonded indebtedness.

Outstanding BondsThe District has previously issued four series of bonds, as follows: \$4,990,000 Unlimited Tax Utility Bonds, Series 2020, \$2,310,000 Unlimited Tax Road Bonds, Series 2021, \$5,290,000 Unlimited Tax Utility Bonds, Series 2022, and \$4,540,000 Unlimited Tax Road Bonds, Series 2022. Of the above-referenced bonds issued by the District, \$17,130,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

Use of Bond ProceedsProceeds from the sale of the Bonds will be used to reimburse the Developers (as defined herein) for the improvements and related engineering and land costs as shown herein under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Additionally, a portion of the proceeds of the Bonds will be used to pay six (6) months of capitalized interest and certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Bonds."

Not Qualified Tax-Exempt ObligationsThe District did not designate the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
Ratings	S&P Global Ratings (BAM Insured): “AA.” Moody’s Investors Service, Inc. (Underlying): “Baa3.” See “RATINGS.”
Bond Counsel and General Counsel	Winstead PC, Dallas, Texas. See “LEGAL MATTERS.”
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
District Engineer.....	Kimley-Horn and Associates, Inc., Dallas, Texas.

THE DISTRICT

Description..... The District was created pursuant to Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution, by Acts of the 79th Texas Legislature, effective June 17, 2005, pursuant to Senate Bill 1855 codified as Chapter 8136 of Texas Special District Local Laws Code (the “District Act”) and by a confirmation election held within the District on May 13, 2006. The District operates under general laws of the State of Texas pursuant to Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution, including Chapters 49 and 54 of the Texas Water Code, applicable to municipal utility districts and the District Act. The District was created for the purposes of (i) providing, operating, and maintaining facilities to control storm water, distributing potable water, and collecting and treating wastewater and (ii) constructing, maintaining, or operating road projects. The District contains approximately 266.91 total acres and is located entirely within Rockwall County, Texas, Rockwall Independent School District, and the corporate boundaries of Fate. See “THE DISTRICT.”

Location..... The District is located in Rockwall County, Texas, approximately 27 miles northeast of the City of Dallas, Texas. The District is situated entirely within the city limits of Fate, and is bounded on the east by State Highway 66.

Developers/Landowners..... There are two entities actively developing land within the District. First Texas Homes, Inc., a Texas corporation (“First Texas Homes”), has developed approximately 39.57 acres (120 lots) as the residential subdivision of Woodcreek, Phase 5A and approximately 27.41 acres (84 lots) as the residential subdivision of Woodcreek, Phase 5B. First Texas Homes is currently developing approximately 28.35 acres (73 lots) as the residential subdivision of Woodcreek, Phase 5C. First Texas Homes does not currently own any developable land in the District. First Texas Homes is also an active homebuilder in the District.

The Fate 160 Investment Land LLC, a Texas limited liability company (“Fate 160”), has developed approximately 37.02 acres (120 lots) as the residential subdivision of Woodcreek, Phase 8B, approximately 42.08 acres (128 lots) as the residential subdivision of Woodcreek, Phase 8C, and approximately 51.67 acres (111 lots) as the residential subdivision of Woodcreek, Phase 8D. Fate 160 is the current owner of approximately 29.87 acres in the District that are planned for additional single-family subdivisions. Fate 160 has contracted with Scarborough Lane Development, a third-party

management company, to manage its development operations in the District.

Southstar Woodcreek Developer, LLC (“Southstar”) owns approximately 8 acres of property within the District that is under contract to a retail commercial developer that is planned for commercial development. None of this property is currently developed or imminently scheduled for development.

Vaquero Fate Partners LP owns approximately 2 acres that they plan to develop as a full-service convenience store. The District can make no representation to the likelihood of the development being completed.

First Texas Homes, Fate 160, and Southstar are collectively referred to herein as the “Developers.” See “THE DEVELOPERS” and “DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development.”

Development within the District The District is part of the development of Woodcreek, a master-planned community located in the city limits of Fate. To date, approximately 197.75 acres have been developed as 563 single-family lots within the following residential subdivisions: Woodcreek, Phase 5A, Woodcreek, Phase 5B, Woodcreek, Phase 8B, Woodcreek, Phase 8C, and Woodcreek, Phase 8D. As of February 1, 2023, the District included approximately 405 completed homes (approximately 396 occupied, 8 unoccupied, and 1 model home); approximately 52 homes under construction; and approximately 106 vacant developed lots. Additionally, approximately 28.35 acres (73 lots) are under development as Woodcreek, Phase 5C. The remaining approximately 40.81 acres within the District consists of developable land that is planned for additional residential subdivisions and commercial development. See “DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development.”

Homebuilders within the District Currently, Beazer Homes, DR Horton, and First Texas Homes are the active homebuilders in the District. New homes being constructed in the District range in price from approximately \$365,000 to \$646,000 and range in size from approximately 1,600 square feet to 4,305 square feet. See “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders within the District.”

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CAREFULLY EXAMINE THIS ENTIRE OFFICIAL STATEMENT, ESPECIALLY THE PORTION OF THIS OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS,” BEFORE MAKING AN INVESTMENT DECISION.

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2022 Taxable Assessed Valuation.....	\$131,855,475	(a)
Estimate of Value as of February 1, 2023.....	\$216,993,440	(b)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds).....	\$ 17,130,000	
The Bonds	<u>\$ 4,960,000</u>	
Total.....	\$ 22,090,000	
Estimated Overlapping Debt.....	<u>\$ 8,791,179</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 30,881,179	(c)
Direct Debt Ratios:		
As a percentage of 2022 Taxable Assessed Valuation.....	16.75	%
As a percentage of Estimate of Value as of February 1, 2023	10.18	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2022 Taxable Assessed Valuation.....	23.42	%
As a percentage of Estimate of Value as of February 1, 2023	14.23	%
Utility System Debt Service Fund Balance (as of March 28, 2023).....	\$ 723,642	(d)
Road System Debt Service Fund Balance (as of March 28, 2023).....	\$ 577,564	(e)
General Operating Fund Balance (as of March 28, 2023)	\$ 287,680	
2022 Tax Rate		
Utility System Debt Service	\$0.46	(f)
Road System Debt Service	\$0.20	(f)
Maintenance & Operation	<u>\$0.09</u>	
Total.....	\$0.75	
Average Annual Debt Service Requirement (2023–2048)	\$ 1,365,652	(g)
Maximum Annual Debt Service Requirement (2025).....	\$ 1,495,256	(g)
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2023–2048) at 95% Collections		
Based on 2022 Taxable Assessed Valuation.....	\$1.10	
Based on Estimate of Value as of February 1, 2023.....	\$0.67	
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2025) at 95% Collections		
Based on 2022 Taxable Assessed Valuation.....	\$1.20	
Based on Estimate of Value as of February 1, 2023.....	\$0.73	

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- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2022, as certified by the Rockwall Central Appraisal District. See "TAX PROCEDURES" and "TAX DATA."
 - (b) Provided by the Rockwall Central Appraisal District for information purposes only. This amount is an estimate of the taxable value of all taxable property in the District as of February 1, 2023 and includes an estimate of value resulting from the construction of new taxable improvements in the District from January 1, 2022, to February 1, 2023. No taxes will be levied on this estimate. See "TAX PROCEDURES" and "TAX DATA."
 - (c) See "DISTRICT DEBT - Direct and Estimated Overlapping Debt Statement."
 - (d) Neither Texas law nor the Bond Order (hereinafter defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund (hereinafter defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the Road System (hereinafter defined), including the Bonds.
 - (e) In addition to this amount, six (6) months of capitalized interest will be deposited into the District's Road System Debt Service Fund (hereinafter defined) upon closing of the Bonds. Neither Texas law nor the Bond Order 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 for the Utility System (hereinafter defined).
 - (f) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued by the District for the Road System (e.g., the Bonds).
 - (g) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT - Debt Service Requirement Schedule."

OFFICIAL STATEMENT
relating to
ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
\$4,960,000
UNLIMITED TAX ROAD BONDS
SERIES 2023

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Rockwall County Municipal Utility District No. 8 (the "District") of its \$4,960,000 Unlimited Tax Road Bonds, Series 2023 (the "Bonds").

The Bonds are issued pursuant to (i) an order adopted by the Board on the date of sale of the Bonds (the "Bond Order"); (ii) Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) Chapter 8136, Texas Special District Local Laws Code (the "District Act"); and (iv) an election held within the District on May 13, 2006.

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Upon payment of reasonable copying, mailing and handling charges, copies of such documents may be obtained from the District at Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201 or during the offering period from the District's financial advisor, Robert W. Baird & Co. Incorporated, Attn: Ryan Nesmith, 1331 Lamar Street, Suite 1360, Houston, Texas 77010.

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 Order of the Board authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds are dated May 1, 2023, and will mature on October 1 in the years and in the principal amounts indicated on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about May 24, 2023) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable on April 1, 2024, and on each October 1 and April 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Principal of the Bonds will be payable to the Bondholder thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). If not then subject to the Book-Entry-Only System described below, interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to Bondholders as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder.

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 maturity of the Bonds 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).

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 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 District or Paying Agent/Registrar, 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 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 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 Bondholders.

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 Order will be given only to DTC.

The information concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a legally qualified national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority to act as and perform the services of Paying Agent/Registrar for the Bonds under the Bond Order.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. 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. At any time

after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within forty-five (45) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Replacement of Bonds

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

Authority for Issuance

At an election on May 13, 2006, voters of the District authorized the District's issuance of a total of \$18,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System") as well as a total of \$24,310,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System.

At an election on May 13, 2006, voters of the District also authorized the District's issuance of a total of \$18,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System") as well as a total of \$23,790,000 principal amount of unlimited tax bonds of the purpose of refunding bonds issued by the District for the Road System. The Bonds constitute the District's third issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System.

The Bonds are issued pursuant to (i) the Bond Order; (ii) 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; (iii) the District Act; and (iv) an election held within the District on May 13, 2006.

Payment Record

The District has never defaulted on the timely payment of debt service due on its prior bonded indebtedness.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, and of such additional tax bonds of the District as may hereafter be authorized by District voters, if any, and subsequently issued, are payable from and secured by the proceeds of a continuing annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "TAX PROCEDURES" and "TAX DATA – Tax Rate Calculations" for tax adequacy, manner of assessing and collecting taxes, and the remedies of the District in the event of tax delinquencies; and "Bondholders' Remedies" below for the remedies available to Bondholders in the event of default in the performance of any of the covenants set forth in the Bond Order or in the event of default in the payment of principal of or interest on the Bonds.

The Bonds are obligations solely of the District and are not obligations of the State of Texas; Rockwall County, Texas; Fate; or any political subdivision other than the District.

Redemption of the Bonds

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on and after October 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, on May 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by registered mail, overnight delivery, or other comparably secure means, to each registered securities depository (and to each national information service that disseminates redemption notices). If fewer than all of the Bonds are optionally redeemed at any time, the particular maturities and amounts of Bonds to be optionally redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity, and if fewer than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar (or DTC in accordance with its procedures while the Bonds are in book-entry-only form) shall designate by method of random selection the Bonds within such maturity to be redeemed. If the Book-Entry-Only System is discontinued, the Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bond 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 Bonds that mature on October 1 in the years 2036, 2038 and 2048 are 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 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"), on October 1 in each of the years and in the principal amounts set forth in the following schedule:

<u>\$380,000 Term Bond Maturing on October 1, 2036</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2035	\$ 185,000
October 1, 2036 (Maturity)	\$ 195,000
<u>\$410,000 Term Bond Maturing on October 1, 2038</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2037	\$ 200,000
October 1, 2038 (Maturity)	\$ 210,000
<u>\$645,000 Term Bond Maturing on October 1, 2048</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2047	\$ 315,000
October 1, 2048 (Maturity)	\$ 330,000

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 Order. The principal amount of any Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bonds, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Defeasance

The Bond Order provides 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 of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be currently 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 Order.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Bondholders may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Annexation, Dissolution and Consolidation

In certain circumstances, under Texas law, the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would affect any changes in its boundaries.

The District lies within the corporate city limits of Fate. Generally, under Texas law, Fate may abolish the District, pursuant to certain statutory provisions that allow for negotiations between Fate and the District as to the timing, terms, and conditions of the dissolution. Such statutory provisions state that if and when the District is dissolved, Fate would succeed to the rights, powers, duties, and obligations of the District, including the obligation to repay outstanding bonds of the District. However, Fate has agreed not to exercise its right to dissolve the District until all bonds of the District (including the Bonds) have been paid, pursuant to the terms of the Special District Agreement No. 2 (see "THE DISTRICT – Special District Agreements"), but no representation is made concerning the dissolution of the District by Fate.

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

Outstanding Bonds

The District has previously issued four series of bonds as follows: \$4,990,000 Unlimited Tax Utility Bonds, Series 2020, \$2,310,000 Unlimited Tax Road Bonds, Series 2021, \$5,290,000 Unlimited Tax Utility Bonds, Series

2022, and \$4,540,000 Unlimited Tax Road Bonds, Series 2022. Of the above-referenced bonds issued by the District, \$17,130,000 principal amount will remain outstanding as of the Date of Delivery (the “Outstanding Bonds”).

Funds

The Bond Order confirms the fund for capital projects pertaining to the Road System (the “Road Capital Projects Fund”) and the fund for debt service pertaining to the Road System (the “Road System Debt Service Fund”). Six (6) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund upon closing of the Bonds. All remaining proceeds of the Bonds will be deposited in the Road Capital Projects Fund. The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the Registered Owners of bonds issued for the Road System, including the Bonds, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the bonds issued for the Road System, including the Bonds. 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 bonds issued for the Road System, including the Bonds.

In connection with the Outstanding Bonds for the Utility System, the District has previously created its Utility System Debt Service Fund (the “Utility System Debt Service Fund”). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the registered owners of the Outstanding Bonds issued 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 Outstanding Bonds issued for the Utility System. 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, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued for the Road System, such as the Bonds.

Legal Ability to Issue Additional Debt

After the issuance of the Bonds, the following voted authorization will remain authorized but unissued: \$8,420,000 principal amount of unlimited tax bonds for the Utility System; \$24,310,000 principal amount of unlimited tax refunding bonds for the Utility System; \$6,490,000 principal amount of unlimited tax bonds for the Road System; and \$23,790,000 principal amount of unlimited tax refunding bonds for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board and the voters of the District.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District. Based upon the information available to date and estimations and projections for future development costs, it is the opinion of the Engineer (hereinafter defined) that the remaining authorized but unissued utility bonds are expected to be sufficient to fully reimburse for the expenditures associated with providing utility service to the remaining undeveloped but potentially developable acreage within the District. The authorized but unissued road bonds, however, appear to be insufficient to fully reimburse for the expenditures associated with the development of the remaining undeveloped but developable acreage within the District, and additional bonding capacity may need to be secured if the Developers are to be fully reimbursed. See “INVESTMENT CONSIDERATIONS – Future Debt.”

Before issuing any authorized but unissued bonds for the Utility System, the District must obtain approval of the Texas Commission on Environmental Quality (the “TCEQ”) for the issuance of such bonds and the projects to be financed thereby. In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such contracts, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds from its voted authorization without additional voter approval. Under certain conditions, including required elections, the District may provide facilities for parks, roads and fire protection. Fate provides the District with facilities for parks and fire protection. In addition, pursuant to the Special District Agreement (hereinafter defined, see “THE DISTRICT – Special District Agreements”), terms of the sale

or issuance of bonds must be submitted to and approved in writing by the City Manager of Fate. Failure to disapprove within 15 days constitutes an approval, and approval cannot be unreasonably withheld. The City Manager may refuse to approve bonds if the District's projected total tax rate, after the bonds are issued, exceeds a reasonable amount. The District's projected total tax rate may not be considered unreasonable if it is less than or equal to \$0.75 per \$100 assessed valuation. If the District's projected total tax rate will exceed \$0.75 per \$100 assessed valuation, the bonds must be submitted for approval to the City Council of Fate.

The District intends to submit a bond application to the TCEQ for the approval of bonds to be issued for the Utility System in the principal amount of \$3,475,000. Such bonds are expected to be issued in the fourth quarter of 2023.

Bondholders' Remedies

The Bond Order contains a covenant that, while any of the Bonds are outstanding, there shall be assessed, levied, and collected an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any additional tax-supported bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Order provide that in the event that the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order into the Utility System Debt Service Fund or the Road System Debt Service Fund, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Bond Order. Such right is in addition to all other rights the Bondholders may be provided by the laws of the State of Texas.

Except for mandamus, the Bond Order does not specifically provide for remedies to a Bondholder in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders.

Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See "Bankruptcy Limitation to Bondholders' Rights" below.

Bankruptcy Limitation to Bondholders' Rights

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. See "INVESTMENT CONSIDERATIONS – Bondholders' Remedies," and "– Bankruptcy Limitation to Bondholders' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to the Public Securities Procedures Act, Chapter 1201, Texas Government Code, as amended, and Section 49.186, Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds

Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such law that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations, or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

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Use and Distribution of Proceeds of the Bonds

Proceeds from the sale of the Bonds will be used to reimburse the Developers for the improvements and related engineering and land costs as shown below. Additionally, a portion of the proceeds of the Bonds will be used to pay six (6) months of capitalized interest and certain costs associated with the issuance of the Bonds.

<u>Construction Costs</u>	<u>District's Share</u>
A. Construction Costs	
1. Woodcreek Phase 5B Paving	\$ 700,101
2. Woodcreek Phase 5C Paving	864,597
3. Woodcreek Phase 8B Paving	345,957
4. Woodcreek Phase 8C Paving	<u>1,028,901</u>
Subtotal Construction Costs	\$ 2,939,556
 B. Engineering Costs	
1. Woodcreek Phase 5A	\$ 175,783
2. Woodcreek Phase 5B	173,921
3. Woodcreek Phase 8B	<u>160,404</u>
Subtotal Engineering Costs	\$ 510,108
 C. Land Costs	
1. Woodcreek Phase 8D	\$ 499,981
2. Land Interest	<u>140,894</u>
Subtotal Land Costs	\$ 640,874
 Total Construction Costs	 \$ 4,090,538
 <u>Non-Construction Costs</u>	
1. Legal Fees	\$ 124,000
2. Fiscal Agent Fees	99,200
3. Interest	
a. Capitalized Interest (6 Months)	116,719
b. Developer Interest	358,678
c. Deferred Developer Interest	102,725
4. Bond Discount/(Premium)	(51)
5. Bond Issuance Expenses	38,431
6. Bond Engineering Report	24,800
7. Attorney General's Fee	<u>4,960</u>
Total Non-Construction Costs	\$ 869,462
 TOTAL BOND ISSUE REQUIREMENT	 \$ 4,960,000

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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DISTRICT DEBT

General

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

Bond Indebtedness

2022 Taxable Assessed Valuation.....	\$131,855,475	(a)
Estimate of Value as of February 1, 2023.....	\$216,993,440	(b)
Direct Debt:		
The Outstanding Bonds (as of delivery of the Bonds).....	\$ 17,130,000	
The Bonds	<u>\$ 4,960,000</u>	
Total.....	\$ 22,090,000	
Estimated Overlapping Debt.....	<u>\$ 8,791,179</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 30,881,179	(c)
Direct Debt Ratios:		
As a percentage of 2022 Taxable Assessed Valuation.....	16.75	%
As a percentage of Estimate of Value as of February 1, 2023	10.18	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2022 Taxable Assessed Valuation.....	23.42	%
As a percentage of Estimate of Value as of February 1, 2023	14.23	%
Utility System Debt Service Fund Balance (as of March 28, 2023)	\$ 723,642	(d)
Road System Debt Service Fund Balance (as of March 28, 2023)	\$ 577,564	(e)
General Operating Fund Balance (as of March 28, 2023)	\$ 287,680	
2022 Tax Rate		
Utility System Debt Service	\$0.46	(f)
Road System Debt Service	\$0.20	(f)
Maintenance & Operation	<u>\$0.09</u>	
Total.....	\$0.75	

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- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2022, as certified by the Rockwall Central Appraisal District. See "TAX PROCEDURES" and "TAX DATA."
 - (b) Provided by the Rockwall Central Appraisal District for information purposes only. This amount is an estimate of the taxable value of all taxable property in the District as of February 1, 2023, and includes an estimate of value resulting from the construction of new taxable improvements in the District from January 1, 2022, to February 1, 2023. No taxes will be levied on this estimate. See "TAX PROCEDURES" and "TAX DATA."
 - (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
 - (d) Neither Texas law nor the Bond Order 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 for the Road System, including the Bonds.
 - (e) In addition to this amount, six (6) months of capitalized interest will be deposited into the District’s Road System Debt Service Fund upon closing of the Bonds. Neither Texas law nor the Bond Order 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 for the Utility System.
 - (f) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued by the District for the Road System (e.g., the Bonds).

Direct and Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2022 Taxable Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

Taxing Jurisdiction	Outstanding Debt February 28, 2023	Overlapping	
		Percent	Amount
Rockwall County	\$ 137,325,000	0.72%	\$ 984,742
Rockwall Independent School District	676,649,869	0.91	6,162,640
City of Fate	29,350,000	5.60	<u>1,643,797</u>
Total Estimated Overlapping Debt			\$ 8,791,179
Direct Debt (a)			<u>\$22,090,000</u>
Total Direct and Estimated Overlapping Debt			\$30,881,179

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Direct Debt Ratios (a):		
As a percentage of 2022 Taxable Assessed Valuation.....		16.75 %
As a percentage of Estimate of Value as of February 1, 2023		10.18 %
Direct and Estimated Overlapping Debt Ratios (a):		
As a percentage of 2022 Taxable Assessed Valuation.....		23.42 %
As a percentage of Estimate of Value as of February 1, 2023		14.23 %

(a) Includes the Outstanding Bonds and the Bonds.

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for operation and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. See "TAX DATA - Tax Rate Distribution."

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Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and interest requirements of the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	The Bonds:		Total New Debt Service	Total Debt Service
		Principal	Interest		
2023	\$ 1,021,055	\$ -	\$ -	\$ -	\$ 1,021,055
2024	1,150,469	-	315,789	315,789	1,466,669
2025	1,141,819	120,000	233,438	353,438	1,495,256
2026	1,137,344	125,000	225,938	350,938	1,488,281
2027	1,128,581	130,000	217,813	347,813	1,476,394
2028	1,123,994	135,000	209,363	344,363	1,468,356
2029	1,118,456	140,000	200,588	340,588	1,459,044
2030	1,106,500	150,000	191,488	341,488	1,447,988
2031	1,115,975	155,000	181,738	336,738	1,452,713
2032	1,109,125	160,000	171,663	331,663	1,440,788
2033	1,111,431	170,000	161,263	331,263	1,442,694
2034	1,112,781	175,000	151,275	326,275	1,439,056
2035	1,112,913	185,000	142,525	327,525	1,440,438
2036	1,116,794	195,000	135,125	330,125	1,446,919
2037	1,114,469	200,000	127,325	327,325	1,441,794
2038	1,116,056	210,000	119,325	329,325	1,445,381
2039	1,116,538	220,000	110,925	330,925	1,447,463
2040	1,115,200	230,000	102,125	332,125	1,447,325
2041	1,112,300	240,000	92,925	332,925	1,445,225
2042	1,118,169	250,000	83,325	333,325	1,451,494
2043	1,107,413	265,000	73,013	338,013	1,445,425
2044	1,115,544	275,000	62,081	337,081	1,452,625
2045	1,112,188	285,000	50,738	335,738	1,447,925
2046	802,463	300,000	38,981	338,981	1,141,444
2047	670,400	315,000	26,606	341,606	1,012,006
2048	-	330,000	13,613	343,613	343,613
Total	\$ 27,107,974	\$ 4,960,000	\$ 3,438,983	\$ 8,398,983	\$ 35,506,957
Average Annual Debt Service Requirement (2023–2048)					\$1,365,652
Maximum Annual Debt Service Requirement (2025)					\$1,495,256

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TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Outstanding Bonds, the Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of constructing or acquiring the Road System (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District has heretofore or may hereafter issue for the purpose of acquiring or constructing the Utility System (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water, wastewater and drainage system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized herein.

The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Rockwall Central Appraisal District (the "Appraisal District" or "RCAD") has the responsibility for appraising property for all taxing units within Rockwall County, including the District. Such appraisal values are subject to review and change by the Rockwall County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Exempt Property

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, an action which to date the District has not undertaken, exempt certain property owned by qualified organizations engaged primarily in charitable activities, residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. 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 certain surviving dependents of disabled veterans if requested, but only to the maximum extent of \$5,000 to \$12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled

veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed 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. Such exemption would be transferable to a subsequent resident 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.

The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the reduction or cessation of the levy would impair the obligation of the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged. To date, the Board has not granted a residential homestead exemption.

Rockwall County may designate all or part of the area within the District as a reinvestment zone, and Rockwall County, or the District may thereafter enter into tax abatement agreements with owners of real property within the zone, with each taxing jurisdiction's agreement affecting its own tax roll. The tax abatement agreements exempt from ad valorem taxation by the applicable taxing jurisdiction (including the District with the District's consent) for a period of up to 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 a comprehensive plan. In certain instances, taxes on personal property also may be eligible for tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by other taxing jurisdictions.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property as defined by the Tax Code. The exemption excludes oil, natural gas, petroleum products, aircraft, and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicles, dealer's heavy equipment, and retail manufactured housing inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is further limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. For tax year 2012 and subsequent years, 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not taken official action to allow taxation of all such goods-in-transit personal property.

County-Wide Appraisal District

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

The Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a landowner of qualified open-space land is a member of the United States Armed Forces, subject to certain conditions, the appraisal of the land as qualified open-space land does not change while the landowner is deployed or stationed outside of Texas. 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 and taxes for the previous five years for open space land and timberland.

The Tax Code requires the RCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the RCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by the RCAD 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 RCAD 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 RCAD chooses formally to include such values on its appraisal roll.

Assessment and Levy of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity or private tax assessor/collector approved by the Board. Each year the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due when billed, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. In addition, if the District engages an attorney for the collection of delinquent taxes, the Board may impose a further penalty not to exceed twenty percent (20%) on all taxes, penalty, and interest unpaid on July 1. The Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

District and Taxpayer Remedies

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

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. 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. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations" and "– Bondholders' Remedies."

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 pursuant to Chapter 49 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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead

appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District

A determination as to the District's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. For the 2022 tax year, the District was classified as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds and the Bonds and any future tax-supported bonds for the purpose of acquiring or constructing the Utility System or Road System that may be issued from time to time as authorized. Taxes are levied by the District each year against the District’s assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District’s tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. For the 2022 tax year, the District levied a total tax rate of \$0.75 per \$100 assessed taxable valuation made up of a tax in the amount of \$0.09 for maintenance and operations, a tax in the amount of \$0.46 for payment of debt service on bonds issued for the Utility System, and a tax in the amount of \$0.20 for payment of debt service on bonds issued for the Road System. Upon closing and delivery of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District’s Road System Debt Service Fund.

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)
Maintenance & Operation:	Unlimited (no legal limit as to rate or amount)

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical assessed valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District’s annual audited financial statements, for more complete information.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 02/28/23
2018	\$ 742,370	\$0.750	\$ 5,568	100.00%	2019	100.00%
2019	1,844,430	0.750	13,833	100.00	2020	100.00
2020	38,455,574	0.750	288,147	100.00	2021	100.00
2021	67,133,608	0.750	503,502	98.74	2022	99.47
2022	131,855,475	0.750	990,509	96.64 (b)	2023	96.64

(a) See “Tax Rate Distribution” below.

(b) Collections as of February 28, 2023.

Analysis of Tax Base

The following table illustrates the composition of property located in the District for the 2018–2022 tax years.

Type of Property	2022 Assessed Taxable Valuation	2021 Assessed Taxable Valuation	2020 Assessed Taxable Valuation	2019 Assessed Taxable Valuation	2018 Assessed Taxable Valuation
Land	\$ 49,785,860	\$21,674,890	\$19,048,600	\$ 4,284,270	\$ 4,284,270
Improvements	99,147,317	48,334,495	21,095,645	-	-
Personal Property	732,820	476,030	4,080	-	-
Exemptions	(17,810,522)	(3,351,807)	(1,692,751)	(2,439,840)	(3,541,900)
Total	\$131,855,475	\$67,133,608	\$38,455,574	\$ 1,844,430	\$ 742,370

Tax Rate Distribution

The following table illustrates the breakdown of the District’s tax rate in the 2018–2022 tax years:

	2022	2021	2020	2019	2018
Utility System Debt Service	\$ 0.46	\$ 0.38	\$ -	\$ -	\$ -
Road System Debt Service	0.20	0.16	-	-	-
Maintenance & Operations	0.09	0.21	0.75	0.75	0.75
Total	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75

Principal Taxpayers

Based upon information supplied by the District’s Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2022.

Taxpayer	Type of Property	Assessed Valuation 2022 Tax Roll	Percent of 2022 Roll
First Texas Homes, Inc. (a)(b)	Land & Improvements	\$ 23,046,740	17.48%
DR Horton – Texas LTD (a)	Land & Improvements	7,275,340	5.52%
Beazer Homes Texas LP (a)	Land & Improvements	5,145,260	3.90%
The Fate 160 Investment Land LLC (b)	Land	5,072,380	3.85%
Southstar Woodcreek Developer, LLC (b)	Land & Improvements	1,578,400	1.20%
Oncor Electric Delivery Co LLC	Land & Improvements	669,440	0.51%
Homeowner	Land & Improvements	608,480	0.46%
Homeowner	Land & Improvements	602,190	0.46%
Homeowner	Land & Improvements	600,310	0.46%
Homeowner	Land & Improvements	595,160	0.45%
Total		\$ 45,193,700	34.28%

(a) See “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders within the District.”

(b) See “THE DEVELOPERS.”

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth occurs in the District’s tax base beyond the District’s 2022 Taxable Assessed Valuation and the Estimate of Value as of February 1, 2023. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and no sale of additional bonds by the District.

Average Annual Debt Service Requirement (2023–2048).....	\$1,365,652
Combined Debt Service Tax Rate of \$1.10 on the 2022 Taxable Assessed Valuation produces.....	\$1,377,890
Combined Debt Service Tax Rate of \$0.67 on the Estimate of Value as of February 1, 2023 produces.....	\$1,381,163
Maximum Annual Debt Service Requirement (2025)	\$1,495,256
Combined Debt Service Tax Rate of \$1.20 on the 2022 Taxable Assessed Valuation produces.....	\$1,503,152
Combined Debt Service Tax Rate of \$0.73 on the Estimate of Value as of February 1, 2023 produces.....	\$1,504,850

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2022 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District.

In addition to the ad valorem taxes required to make the debt service payments on bonded debt of the District and of such other jurisdictions (see “DISTRICT DEBT – Direct and 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.

Taxing Jurisdiction	2022 Tax Rate Per \$100 of A.V.
The District	\$0.750000
City of Fate	0.293832
Rockwall County	0.292500
Rockwall Independent School District	1.214600
Estimated Total Tax Rate	\$2.550932

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THE DISTRICT

General

The District was created in 2005 by Chapter 8136, Texas Special District Local Laws Code (the “District Act”) pursuant to Article III, Section 52 and Article XVI, Section 59, of the Texas Constitution, and by a confirmation election held within the District on May 13, 2006. The District operates under the District Act and Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts.

The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the construction of roadway facilities, and is also empowered to provide for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. Currently the District provides water and wastewater service and roadway facilities to users within the District pursuant to an agreement with Fate as described under “Special District Agreements” below. 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. Fire protection for the District is provided by Fate. The District is subject to the continuing supervision of the TCEQ and is located exclusively within the corporate limits of Fate.

Special District Agreements

Prior to creation of the District, Rockwall County Consolidated Municipal Utility District No. 1 (“District No. 1”), Rockwall County Consolidated Municipal Utility District No. 2 (“District No. 2”), Fate, and PRA/Fate Development Corporation, the previous developer (“Previous Developer”), entered into a “Special District Agreement” dated December 1, 2003 (“Special District Agreement No. 1”). Pursuant to the terms of Special District Agreement No. 1, Fate agreed to provide retail water capacity and sewer capacity to users within District No. 1 and District No. 2. Fate also agreed to own, operate, and maintain the water, sewer, and drainage facilities, and to charge user fees equal to those charged to other users located within Fate’s boundaries. All parties to Special District Agreement No. 1 agreed to cooperate to create any additional new districts as needed to further development, and agreed that any new districts would become parties to Special District Agreement No. 1 after their creation.

Upon confirmation of creation of the District in 2006, the District became a party to Special District Agreement No. 1 by virtue of entering into Special District Agreement No. 2 (hereinafter defined). The District entered into Special District Agreement No. 2 dated May 17, 2006 (“Special District Agreement No. 2”), with Fate, the Previous Developer, and Rockwall County Municipal Utility Districts Nos. 6, 7, and 9 (together with the District, the “New Districts”). Special District Agreement No. 2 provides that the New Districts accept the obligations and provisions of Special District Agreement No. 1, and it acknowledges that the construction and acquisition of roads pursuant to the road powers available to the New Districts is subject to the same rights and obligations as the water, sewer, and drainage facilities referenced in Special District Agreement No. 1.

Pursuant to Special District Agreement No. 1 and Special District Agreement No. 2 (collectively, the “Special District Agreement”), Fate agreed that it shall not exercise its right to dissolve the District until the Outstanding Bonds, the Bonds, and any additional debt of the District has been repaid. Pursuant to this provision in the Special District Agreement, the District included the prohibition of dissolution in its bond election propositions and in the Bond Order authorizing the issuance and sale of the Bonds.

Location

The District is located in Rockwall County approximately 27 miles northeast of downtown Dallas and within the corporate limits of Fate. The District is bounded by State Highway 66 on the east.

Management of the District

- Board of Directors -

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Linda Nelson	President	2026
Connie Christensen	Vice President	2026
Ginger Bramlett	Secretary	2024
Rene Espinoza	Treasurer/Assistant Secretary	2026
Karen Parker	Assistant Secretary	2024

- Consultants -

Tax Assessor/Collector – Land and improvements in the District are being appraised by the Rockwall Central Appraisal District. The Tax Assessor/Collector is appointed by the Board. Kevin Passons, Chief Appraiser of the Rockwall Central Appraisal District, currently serves the District in this capacity under contract.

Bookkeeper – The District's bookkeeper is Dye & Toverly, LLC.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Kimley-Horn and Associates, Inc. (the "Engineer").

Bond Counsel and General Counsel – The District has engaged Winstead PC, Dallas, Texas, as Bond Counsel in connection with the issuance of the Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Winstead PC also serves as the District's general counsel.

Auditor – The District engaged McCall Gibson Swedlund Barfoot PLLC to audit its financial statements for the fiscal year ended August 31, 2022. The District's audited financial statements are attached as "APPENDIX A" to this Official Statement.

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

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District (the "Financial Advisor"). 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.

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Operating History

The following sets forth in condensed form the results of the District's general operating fund over the District's previous two fiscal years. For the fiscal years ended August 31, 2019, through August 31, 2022, such summaries have been prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements, reference to which is made for further and more complete information. See "APPENDIX A."

The District is provided water and sewer services by Fate, as described herein under "THE SYSTEM," and does not receive any revenue from customers for water and sewer service. Consequently, the District's sole source of revenue is provided by a maintenance and operations tax levy, and its general fund is used primarily for administrative expenses of the District.

	<u>8/31/22</u>	<u>08/31/21</u>	<u>08/31/20</u>	<u>08/31/19</u>
<u>Revenues</u>				
Property Taxes	\$ 139,730	\$ 304,670	\$ 23,870	\$ 5,575
Penalty and Interest	5,353	92	10	1
Investment Revenues	1,443	-	-	10
Miscellaneous Revenues	-	5,017	-	-
Total Revenues	\$ 146,526	\$ 309,779	\$ 23,880	\$ 5,586
<u>Expenditures</u>				
Professional Fees	\$ 67,169	\$ 73,579	\$ 203,591	\$ 83,664
Contracted Services	15,146	22,191	16,844	7,515
Other	9,993	16,713	14,187	11,046
Total Expenditures	\$ 92,308	\$ 112,483	\$ 234,622	\$ 102,225
Excess (Deficiency)	\$ 54,218	\$ 197,296	\$ (210,742)	\$ (96,639)
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	\$ -	\$ 61,190	\$ -	\$ -
Developer Advances	\$ -	\$ 58,327	\$ 120,451	\$ 97,538
Total Other Financing Sources (Uses)	\$ -	\$ 119,517	\$ 120,451	\$ 97,538
Net Change in Fund Balance	\$ 54,218	\$ 316,813	\$ (90,291)	\$ 899

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DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

The District is part of the development of Woodcreek, a master-planned community located in the city limits of Fate. The District consists of approximately 266.91 total acres. To date, approximately 197.75 acres have been developed as 563 single-family lots within the following residential subdivisions: Woodcreek, Phase 5A, Woodcreek, Phase 5B, Woodcreek, Phase 8B, Woodcreek, Phase 8C, and Woodcreek, Phase 8D. As of February 1, 2023, the District included approximately 405 completed homes (approximately 396 occupied, 8 unoccupied, and 1 model home); approximately 52 homes under construction; and approximately 106 vacant developed lots. Additionally, approximately 28.35 acres (73 lots) are under development as Woodcreek, Phase 5C.

The remainder of the District, approximately 40.81 acres, consists of developable land that is planned for additional residential subdivisions and commercial development.

The table below summarizes the development within the District as of February 1, 2023.

Woodcreek	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Phase 5A	39.57	120	112	1	7
Phase 5B	27.41	84	73	7	4
Phase 8B	37.02	120	113	-	7
Phase 8C	42.08	128	107	18	3
Phase 8D	51.67	111	-	26	85
Total	197.75	563	405	52	106
Residential Developed (a)	197.75				
Residential Under Construction (a)	28.35				
Undevelopable	-				
Remaining Developable (b)	40.81				
 District Total	 266.91				

(a) Acreage for open spaces and roads is included in the total acreage for each subdivision.

(b) See "THE DEVELOPERS - Description of the Developers."

Homebuilders within the District

Currently, Beazer Homes, DR Horton, and First Texas Homes are the active homebuilders in the District. New homes being constructed in the District range in price from approximately \$365,000 to \$646,000 and range in size from approximately 1,600 square feet to 4,305 square feet.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(September 2022)



THE DEVELOPERS

Role of the Developers

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 thirty percent (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.

Description of the Developers

There are two entities actively developing land within the District. First Texas Homes, Inc., a Texas corporation ("First Texas Homes"), has developed approximately 39.57 acres (120 lots) within the residential subdivision of Woodcreek, Phase 5A, approximately 27.41 acres (84 lots) as the residential subdivision of Woodcreek, Phase 5B. First Texas Homes is currently developing approximately 28.35 acres (73 lots) as the residential subdivision of Woodcreek, Phase 5C. First Texas Homes does not currently own any developable land in the District. First Texas Homes is also an active homebuilder in the District.

The Fate 160 Investment Land LLC, a Texas limited liability company ("Fate 160"), has developed approximately 37.02 acres (120 lots) within the residential subdivision of Woodcreek, Phase 8B, approximately 42.08 acres (128 lots) within the residential subdivision of Woodcreek, Phase 8C, and approximately 51.67 acres (111 lots) within the residential subdivision of Woodcreek, Phase 8D. Fate 160 is the current owner of approximately 29.87 acres in the District that are planned for additional single-family subdivisions. Fate 160 has contracted with Scarborough Lane Development, a third-party management company, to manage its development operations in the District.

Southstar Woodcreek Developer, LLC ("Southstar") owns approximately 8 acres of property within the District that is under contract to a retail commercial developer that is planned for commercial development. None of this property is currently developed or imminently scheduled for development.

First Texas Homes, Fate 160, and Southstar are collectively referred to herein as the "Developers." The Developers are not responsible for, liable for, or have any commitment for payment of the Bonds. The Developers do not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developers may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developers is subject to change at any time.

Landowner

Vaquero Fate Partners LP owns approximately 2 acres that they plan to develop as a full-service convenience store. The District can make no representation to the likelihood of the development being completed.

Developer Financing

Fate 160 has obtained a development loan to finance the development of Woodcreek, Phase 8B and Woodcreek, Phase 8C. The loan has a maximum principal balance of \$23,669,782, a maturity date of April 1, 2024, and is secured by the lots and acreage owned by Fate 160 within the District. The outstanding balance of the loan as of March 1, 2023, was \$11,859,634, and, according to Fate 160, it is in compliance with all material conditions of the loan.

Lot-Sales Contracts

Fate 160 has entered into lot sales contracts with each of Beazer Homes and DR Horton. The contracts for the sale of lots 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. Fate 160'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, currently, approximately \$1,576,491.

According to Fate 160, each of the builders is in compliance with their respective lot sale contracts. As of March 16, 2023, the total number of lots contracted and purchased by each builder is listed below:

Builder	Total Lots Contracted (a)	Total Lots Purchased
Beazer Homes	221	126
DR Horton	221	152
Totals	442	278

(a) Includes 81 lots of the 93 lots planned for future development of Woodcreek, Phase 8A.

Agricultural Waiver

On September 15, 2016, First Texas Homes executed a Waiver of Special Appraisal affecting its land within the District, and on December 2, 2019, Fate 160 executed a Waiver of Special Appraisal affecting its land within the District. Each such waiver was recorded in the real property records of Rockwall County and is a covenant running with the applicable land, waiving the right to have undeveloped land located within the District classified as agricultural, open-space or timberland. In addition, each such agreement waives the right of the Developer to have its lots and houses (if any) classified as business inventory. Such agreements may not be modified without approval of the TCEQ and are binding on purchasers of such lands within the District.

Construction and Reimbursement Agreements

The District is a party to agreements for the construction and purchase of facilities and reimbursement for costs and amendment thereto with the Developers, which define the conditions under which the District will issue additional bonds to reimburse the Developers for the water, wastewater, drainage and roadway facilities within and outside the District. Under the terms of the agreements, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District's obligation to issue bonds and reimburse the Developers for funds advanced for facilities is subject to various conditions, including approval of such facilities and bonds by the TCEQ, as required by the rules of the TCEQ, approval of the bonds by the Attorney General of Texas, and the recommendation of the District's financial advisor that the sale of the bonds is feasible and prudent.

THE SYSTEM

General

The District's roadway facilities and water, wastewater and drainage facilities have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to the Engineer, the design of all such facilities has been approved by all governmental agencies that have jurisdiction over the District.

Operation of the District's water, wastewater, and drainage 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 revision.

Special District Agreements

The District has, by execution of the Special District Agreement No. 2, entered into Special District Agreement No. 1 with Fate and the Previous Developers of the District that provides, in part, for Fate to own, operate and

maintain the internal and off-site water, wastewater and drainage facilities, and for Fate to provide water and sewer capacity to serve customers within the District.

Special District Agreement No. 2 also provides that the New Districts, including the District, accept the obligations and provisions of Special District Agreement No. 1. See “THE DISTRICT – Special District Agreements.”

Water and Wastewater System

The District is located wholly within the corporate limits of the City of Fate, Texas (“Fate”), and the City holds the water and sewer Certificates of Convenience and Necessity (“CCNs”) for all land within the City’s corporate limits, including land within the District. Water and wastewater treatment facilities purchased by the District from bond proceeds will be conveyed to, and maintained and operated by, the City. The City receives wholesale water from the North Texas Municipal Water District, and wastewater treatment is provided by the City through the Sabine Creek Regional Wastewater Treatment Plant. As holder of the water and sewer CCNs, the City is required by State law to provide continuous and adequate service to every customer within the District.

Other than the conveyance of District water and wastewater facilities to the City, the District will not issue bonds or use other District funds to finance the cost of water supply and transmission facilities provided by the City; such costs are included in water supply and wastewater impact fees paid directly by the builders to the City.

Drainage System

Stormwater from within the District currently drains through underground lines leading to natural tributaries, such as Camp Creek.

Road System

Certain of the District’s roadway facilities and improvements (the Road System) will be funded with proceeds of the Bonds. Construction of the District’s roadways is subject to certain regulation by Fate. The roadways within the District are constructed with concrete. Remaining streets provide local interior service within the District. The Road System also includes streetlights and street signs. The Road System is maintained by Fate.

100-Year Flood Plain

Approximately 8.2 acres within the District lie within the FEMA 100-year flood plain. None of such acreage will be used for development.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and are not obligations of the State of Texas; Rockwall County, Texas; Fate; or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied by the District 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 development and construction industries, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly on short-term interest rates at which developers are able to obtain financing for development costs.

Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 27 miles from the central downtown business district of the City of Dallas, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Dallas metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of Dallas and the nation could adversely affect development plans in the District and restrain the growth of the District's property tax base.

Competition: The demand for and construction of single-family homes in the District could be affected by competition from other residential developments, including other residential developments located in the northern portion of the Dallas area market. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of a builder in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District.

Economic Factors: The rate of development of the District is directly related to the vitality of the future residential, commercial, retail, and multi-family industries. New residential, commercial, retail, and multi-family construction can be significantly affected by factors such as interest rates, construction costs, energy costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's top ten principal taxpayers in 2022 owned property located within the District the aggregate assessed valuation of which comprised approximately 34.28% of the District's total taxable assessed valuation as of January 1, 2022. First Texas Homes, Inc., one of the Developers, owned approximately 17.48% of the District's total taxable assessed valuation as of January 1, 2022. Fate 160, also one of the Developers, owned approximately 3.85% of the District's total taxable assessed valuation as of January 1, 2022. See "THE DEVELOPERS – Description of the Developers."

In the event that 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, if any, 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 Order to maintain any specified amount of surplus in its debt service fund. See "TAX DATA – Principal Taxpayers" and "TAX PROCEDURES – Assessment and Levy of Taxes."

Developers Under No Obligation to the District: The Developers have informed the District of their current plans to continue to develop land in the District for residential purposes. However, the Developers are not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developers should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of

the Developers, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developers' right to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developers. Failure to construct taxable improvements on developed lots and tracts and failure of the Developers to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such conditions may have on their ability to pay taxes. See "THE DEVELOPERS" and "DEVELOPMENT WITHIN THE DISTRICT."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The taxable assessed valuation of all taxable property located within the District as of January 1, 2022, is \$131,855,475, and the estimate of taxable assessed valuation as of February 1, 2023, is \$216,993,440. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (hereinafter defined) and the Bonds is \$1,495,256 (2025), and the average annual debt service requirement on the Outstanding Bonds and the Bonds is \$1,365,652 (2023–2048). Assuming no increase to nor decrease from the taxable assessed valuation as of January 1, 2022, tax rates of \$1.20 and \$1.10 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to nor decrease from the estimate of taxable assessed valuation as of February 1, 2023, tax rates of \$0.73 and \$0.67 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "TAX DATA – Tax Rate Calculations." The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

For the 2022 tax year, the District levied a total tax of \$0.75 per \$100 assessed taxable valuation made up of a tax in the amount of \$0.09 for maintenance and operations, a tax in the amount of \$0.46 for payment of debt service on bonds issued for the Utility System, and a tax in the amount of \$0.20 for payment of debt service on bonds issued for the Road System.

Upon closing and delivery of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Road System Debt Service Fund for payment of debt service due on the Bonds. Increases in the District's tax rate to substantially higher levels than the current rate of \$0.75 per \$100 of assessed taxable valuation which the District presently levies may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a registered owner of the Bonds of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

Vacant Developed Lots

As of February 1, 2023, approximately 106 developed lots within the District remained available for construction. Failure of the Developers and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within six (6) months of foreclosure unless the property is his residence homestead or designated for agricultural use, in which case the taxpayer may redeem the property within two years of foreclosure). 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 assessed against such taxpayer. The District's lien on taxable property within the District for taxes levied against such taxpayer can be foreclosed only in a judicial proceeding.

Bondholders' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered holders of the Bonds ("Bondholders") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Bondholders. 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 Bondholders.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's governmental 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 Order 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 Bondholders 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 Bondholders may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

Notwithstanding noncompliance by the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code ("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 a Bondholder could potentially and adversely impair the value of the Bondholder's claim.

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

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds (other than the initial reoffering yields) and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election on May 13, 2006, voters of the District authorized the District's issuance of a total of \$18,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System as well as a total of \$24,310,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System.

At an election on May 13, 2006, voters of the District also authorized the District's issuance of a total of \$18,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System as well as a total of \$23,790,000 principal amount of unlimited tax bonds of the purpose of refunding bonds issued by the District for the Road System. The Bonds constitute the District's third issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System.

After the issuance of the Bonds, the following voted authorization will remain authorized but unissued: \$8,420,000 principal amount of unlimited tax bonds for the Utility System; \$24,310,000 principal amount of unlimited tax refunding bonds for the Utility System; \$6,490,000 principal amount of unlimited tax bonds for the Road System; and \$23,790,000 principal amount of unlimited tax refunding bonds for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board and the voters of the District.

The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order and under "THE BONDS – Legal Ability to Issue Additional Debt." All of the remaining bonds that have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such bonds for the Utility System is subject to the prior approval of the TCEQ; however, the District's issuance of bonds for the Road System (such as the Bonds) is not subject to approval of the TCEQ.

After reimbursement to the Developers with the proceeds of the Bonds, there will be approximately \$12,800,000 remaining to be reimbursed to the Developers for funds advanced for qualified costs to the extent such funds have been advanced by an individual Developer. Based upon the information available to date and estimations and projections for future development costs, it is the opinion of the Engineer that the remaining authorized but unissued utility bonds are expected to be sufficient to fully reimburse for the expenditures associated with providing utility service to the remaining undeveloped but potentially developable acreage within the District. The authorized but unissued road bonds, however, appear to be insufficient to fully reimburse for the expenditures associated with the development of the remaining undeveloped but developable acreage within the District, and additional bonding capacity may need to be secured if the Developers are to be fully reimbursed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District intends to submit a bond application to the TCEQ for the approval of bonds to be issued for the Utility System in the principal amount of \$3,475,000. Such bonds are expected to be issued in the fourth quarter of 2023.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

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 Bonds is not required, and, therefore, no engineering report or bond application has been submitted to the TCEQ and neither the Bonds, the project, nor the feasibility of the District will be reviewed, considered, or approved by the TCEQ with respect to 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; and
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility 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 District and surrounding area. Under the Clean Air Act (“CAA”) Amendments of 1990, the Dallas-Fort Worth area (“DFW Area”)—Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Tarrant, and Wise Counties, and Rockwall County for the purposes of the 2008 Ozone Standards only—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While Texas has been able to demonstrate steady progress and improvements in air quality in the DFW Area, the DFW Area remains subject to CAA nonattainment requirements.

The DFW Area is currently designated as a serious ozone nonattainment area under the 1997 Ozone Standards. On June 24, 2019, the EPA proposed approval of redesignation of the DFW to “attainment” for the 1997 Ozone Standards, which would terminate the serious nonattainment area “anti-backsliding” requirements and leave the DFW Area subject only to the nonattainment area requirements under the 2008 Ozone Standard and the 2015 Ozone Standard.

On December 20, 2019, the EPA published final notice reclassifying the DFW Area from “moderate” to “serious” under the 2008 Ozone Standard, effective September 23, 2019. As the DFW Area is now designated a “serious” nonattainment area, it must meet the attainment date of July 20, 2021 and the required attainment or implementation deadlines for reasonable further progress (“RFP Date”), including, for nitrogen oxides sources and for volatile organic compounds, the RFP Date of August 3, 2020. If the EPA ultimately determines that the DFW Area continues to fail to meet air quality standards based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The DFW Area is currently designated as a “marginal” nonattainment area under 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 DFW Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the DFW 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 DFW Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the DFW Area’s economic growth and development.

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. 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 itself became the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contained a new definition of “waters of the United States.” The NWPR became effective June 22, 2020, and is 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 made 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,” and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. On December 30, 2022, the EPA and USACE finalized the proposed rule, effective as of March 20, 2023, which vacates and remands the NWPR released in 2020 and interprets “waters of the United States” consistent with the pre-2015 regulatory regime. The adoption of the new rule is the subject of litigation, including a suit filed in the United States District Court for the Southern District of Texas. Due to this existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Potential Impact of Natural Disaster

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

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in Congress and in the State of Texas that, if enacted, could alter or amend the federal or state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit, or any benefit, of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

2023 Legislation

The 88th Regular Legislative Session convened on January 10, 2023 and will conclude on May 29, 2023. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, election measures, and other matters which could adversely affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

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 a bond insurance policy (the "Insurance Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption, 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 optional redemption. The Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District 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 Insurance Policy, if any (the "Bond Insurer"), at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Winstead PC, Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Bondholders may be limited by laws relating to governmental immunity, bankruptcy, reorganization, or other similar laws of general application

affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount upon all taxable property within the District, and that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum tax.

In addition to serving as Bond Counsel, Winstead PC, also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel.

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.

Legal Review

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of a continuing direct annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS" (except for the subsections "Book-Entry-Only System," and "- Use and Distribution of Proceeds of the Bonds"), "TAX PROCEDURES," "THE DISTRICT - General," "- Special District Agreements" and "- Management of the District - Bond Counsel and General Counsel," "THE SYSTEM - Special District Agreements," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "- Compliance with Prior Undertakings") solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by the authorized members of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

Opinion

Winstead PC, Dallas, Texas, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the “annual adjusted financial statement income” (as defined in section 56A of the Code) of “applicable corporations” (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the “Service”). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service’s view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Initial Purchaser made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Orders contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury, and rebating any

arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") were offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") were offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection

with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by section 884 of the Code.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. PROSPECTIVE 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, owners 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 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 owner 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 of the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

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

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Not Qualified Tax-Exempt Obligations for Financial Institutions

The District did not designate the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”). “Qualified tax-exempt obligations” under section 265(b)(3) of the Code affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the section titled "APPENDIX A – Financial Statements of the District," "TAX DATA," and "THE DISTRICT – Operating History." The District will update and provide this information to the MSRB through its EMMA system within six months after the end of each of its fiscal years ending in or after 2023. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements within such period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by the end of February 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 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; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, 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, any of which reflect financial difficulties.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District; (ii) or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and order of a court or governmental authority; or (iii) the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term “financial obligation” shall mean, for purposes of the events in clauses (15) and (16), a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a (a) or (b); provided that financial obligation shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12. The term “material” when used in this subsection shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order 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, financial statements, or notices in accordance with its agreement described above.

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that such amendment would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to such amendment and any amendments or interpretations of SEC Rule 15c2-12.

Compliance with Prior Undertakings

The District entered into its first continuing disclosure agreement pursuant to SEC Rule 15c2-12 in connection with the issuance of the Outstanding Bonds in 2020. Thereafter, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the 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 under "Certification of Official Statement." The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the year ended August 31, 2022, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the section captioned "THE SYSTEM," has been provided by Kimley-Horn and Associates, Inc. Such information has been included herein in reliance upon the authority of said firm as expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Rockwall Central Appraisal District, in reliance upon the authority of said appraisal district as an expert in the field of tax assessing and real property appraisal.

Updating of Official Statement

The District will 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, to the other matters described in the Official Statement, until the delivery of the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (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.

Certification of Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchaser a certificate, executed by the authorized members of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly approved by the Board of Directors of the District as of the date specified on the first page hereof.

This Official Statement was approved by the Board of Directors of Rockwall County Municipal Utility District No. 8 as of the date shown on the first page thereof.

/s/ Linda Nelson
President, Board of Directors
Rockwall County Municipal Utility District No. 8

ATTEST:

/s/ Ginger Bramlett
Secretary, Board of Directors
Rockwall County Municipal Utility District No. 8

APPENDIX A
Financial Statements of the District

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 8**

ROCKWALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 8**

ROCKWALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

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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
Rockwall County Municipal Utility District No. 8
Rockwall County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rockwall County Municipal Utility District No. 8 (the "District") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Rockwall County Municipal Utility
District No. 8

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information 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 an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 20, 2022

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

Management's discussion and analysis of Rockwall County Municipal Utility District No. 8's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes 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 is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The 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 \$3,496,198 as of August 31, 2022.

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current Assets	\$ 1,224,414	\$ 790,818	\$ 433,596
Land	253,135	253,135	
Intangible Assets (Net of Accumulated Amortization)	<u>15,206,642</u>	<u>12,039,061</u>	<u>3,167,581</u>
Total Assets	<u>\$ 16,684,191</u>	<u>\$ 13,083,014</u>	<u>\$ 3,601,177</u>
Due to Developer	\$ 9,529,807	\$ 8,239,387	\$ (1,290,420)
Bond Anticipation Note Payable	3,222,000		(3,222,000)
Bonds Payable	7,297,625	7,297,489	(136)
Other Liabilities	<u>130,957</u>	<u>79,858</u>	<u>(51,099)</u>
Total Liabilities	<u>\$ 20,180,389</u>	<u>\$ 15,616,734</u>	<u>\$ (4,563,655)</u>
Net Position:			
Net Investment in Capital Assets	\$ (3,660,662)	\$ (2,479,693)	\$ (1,180,969)
Restricted	326,695	163,687	163,008
Unrestricted	<u>(162,231)</u>	<u>(217,714)</u>	<u>55,483</u>
Total Net Position	<u>\$ (3,496,198)</u>	<u>\$ (2,533,720)</u>	<u>\$ (962,478)</u>

The following table provides a summary of the District's operations for the year ended August 31, 2022 and August 31, 2021. The District's net position decreased by \$962,478.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 503,517	\$ 288,417	\$ 215,100
Other Revenues	<u>10,379</u>	<u>5,342</u>	<u>5,037</u>
Total Revenues	<u>\$ 513,896</u>	<u>\$ 293,759</u>	<u>\$ 220,137</u>
Expenses for Services	<u>1,476,374</u>	<u>1,342,751</u>	<u>(133,623)</u>
Change in Net Position	\$ (962,478)	\$ (1,048,992)	\$ 86,514
Net Position, Beginning of Year	<u>(2,533,720)</u>	<u>(1,484,728)</u>	<u>(1,048,992)</u>
Net Position, End of Year	<u>\$ (3,496,198)</u>	<u>\$ (2,533,720)</u>	<u>\$ (962,478)</u>

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of August 31, 2022, were \$1,166,609, an increase of \$392,850 from the prior year.

The General Fund fund balance increased by \$54,218, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$174,626, primarily due to the structure of the District’s long-term debt.

The Capital Projects Fund fund balance increased by \$164,006, primarily due to bond anticipation note proceeds exceeding developer reimbursements, note interest costs and note issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$11,046 more than budgeted revenues. Actual expenditures were \$34,133 less than budgeted. This resulted in a positive budget variance of \$45,179. See the budget to actual comparison on page 30 for further information.

CAPITAL AND INTANGIBLE ASSETS

Capital assets as of August 31, 2022 total \$253,135 and include land for detention ponds in Woodcreek, Phases 5A and 8B.

Additionally, the District operates in contractual conjunction with the City of Fate, Texas (the “City”). In this arrangement, the facilities constructed by the District are conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. During the fiscal year ending August 31, 2022, the District recorded \$4,196,975 in transfers to the City in relation to assets that have been conveyed to the City. As of August 31, 2022, the District has recognized an intangible asset for the costs of the facilities conveyed which has a balance (net of accumulated amortization) of \$15,206,642.

LONG-TERM DEBT ACTIVITY

As of August 31, 2022, the District had total debt payable of \$7,300,000. The changes of the debt position of the District during fiscal year ended August 31, 2022, are summarized as follows:

Bond Debt Payable, September 1, 2021	\$	7,300,000
Less: Bond Principal Paid		-0-
Bond Debt Payable, August 31, 2022	\$	7,300,000

**ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

LONG-TERM DEBT ACTIVITY (Continued)

The District's Series 2020 Utility and Series 2021 Road Bonds do not carry an underlying rating. The 2021 Road Bonds carry an insured rating of "AA" based on a policy issued by Build America Mutual Assurance Corporation.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rockwall County Municipal Utility District No. 8 c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 8,752	\$ 41,484
Investments	229,451	365,205
Receivables:		
Property Taxes	1,773	4,559
Due from Other Funds	58,806	
Prepaid Costs	3,319	
Land		
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	\$ 302,101	\$ 411,248
LIABILITIES		
Accounts Payable	\$ 26,785	\$
Accrued Interest Payable		
Due to Other Funds		5,069
Due to Developer		
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 26,785	\$ 5,069
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 1,773	\$ 4,559
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 3,319	\$
Restricted for Authorized Construction		
Restricted for Debt Service		401,620
Unassigned	270,224	
TOTAL FUND BALANCES	\$ 273,543	\$ 401,620
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 302,101	\$ 411,248
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 243,044	\$ 293,280	\$	\$ 293,280
326,827	921,483		921,483
	6,332		6,332
	58,806	(58,806)	
	3,319		3,319
		253,135	253,135
		15,206,642	15,206,642
<u>\$ 569,871</u>	<u>\$ 1,283,220</u>	<u>\$ 15,400,971</u>	<u>\$ 16,684,191</u>
\$	\$ 26,785	\$	\$ 26,785
24,688	24,688	79,484	104,172
53,737	58,806	(58,806)	
		9,529,807	9,529,807
		3,222,000	3,222,000
		7,297,625	7,297,625
<u>\$ 78,425</u>	<u>\$ 110,279</u>	<u>\$ 20,070,110</u>	<u>\$ 20,180,389</u>
<u>\$ -0-</u>	<u>\$ 6,332</u>	<u>\$ (6,332)</u>	<u>\$ - 0 -</u>
\$	\$ 3,319	\$ (3,319)	\$
491,446	491,446	(491,446)	
	401,620	(401,620)	
	270,224	(270,224)	
<u>\$ 491,446</u>	<u>\$ 1,166,609</u>	<u>\$ (1,166,609)</u>	<u>\$ - 0 -</u>
<u>\$ 569,871</u>	<u>\$ 1,283,220</u>		
		\$ (3,660,662)	\$ (3,660,662)
		326,695	326,695
		(162,231)	(162,231)
		<u>\$ (3,496,198)</u>	<u>\$ (3,496,198)</u>

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2022

Total Fund Balances - Governmental Funds		\$ 1,166,609
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		6,332
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Capital and intangible assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		15,459,777
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The bond anticipation note is not due and payable in the current period, and therefore, is not reported as a liability in the governmental funds.		(3,222,000)
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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	\$ (9,529,807)	
Accrued Interest Payable	(79,484)	
Bonds Payable	<u>(7,297,625)</u>	<u>(16,906,916)</u>
Total Net Position - Governmental Activities		<u>\$ (3,496,198)</u>

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

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ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 139,730	\$ 357,963
Penalty and Interest	5,353	
Investment Revenues	1,443	1,726
TOTAL REVENUES	\$ 146,526	\$ 359,689
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 67,169	\$
Contracted Services	15,146	6,732
Other	9,993	2,351
Amortization		
Capital Outlay		
Debt Service:		
Bond Interest		175,980
Bond Anticipation Note Interest		
Bond Anticipation Note Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 92,308	\$ 185,063
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 54,218	\$ 174,626
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Bond Anticipation Note	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 54,218	\$ 174,626
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2021	219,325	226,994
FUND BALANCES/NET POSITION - AUGUST 31, 2022	\$ 273,543	\$ 401,620

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 497,693	\$ 5,824	\$ 503,517
	5,353		5,353
<u>1,857</u>	<u>5,026</u>	<u></u>	<u>5,026</u>
\$ 1,857	\$ 508,072	\$ 5,824	\$ 513,896
\$	\$ 67,169	\$	\$ 67,169
	21,878		21,878
	12,344		12,344
		1,029,394	1,029,394
2,906,554	2,906,554	(2,906,554)	
	175,980	16,312	192,292
24,688	24,688		24,688
<u>128,609</u>	<u>128,609</u>	<u></u>	<u>128,609</u>
\$ 3,059,851	\$ 3,337,222	\$ (1,860,848)	\$ 1,476,374
\$ (3,057,994)	\$ (2,829,150)	\$ 1,866,672	\$ (962,478)
\$ 3,222,000	\$ 3,222,000	\$ (3,222,000)	\$ -0-
\$ 164,006	\$ 392,850	\$ (392,850)	\$
		(962,478)	(962,478)
<u>327,440</u>	<u>773,759</u>	<u>(3,307,479)</u>	<u>(2,533,720)</u>
\$ 491,446	\$ 1,166,609	\$ (4,662,807)	\$ (3,496,198)

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net Change in Fund Balances - Governmental Funds	\$	392,850
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		5,824
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(16,312)
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Governmental funds do not account for amortization. However in the Statement of Net Position, intangible assets are amortized and amortization expense is recorded.		(1,029,394)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital and intangible assets are increased by new purchases and the Statement of Activities is not affected.		2,906,554
--	--	-----------

Governmental funds report bond anticipation note proceeds as other financing sources. Proceeds from the sale of the bond anticipation notes increase long-term liabilities in the Statement of Net Position.		<u>(3,222,000)</u>
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Change in Net Position - Governmental Activities	\$	<u>(962,478)</u>
--	----	------------------

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 1. CREATION OF DISTRICT

Rockwall County Municipal Utility District No. 8 (the “District”) was created by Senate Bill 1855, passed by the 79th Legislature, Regular Session, of the State of Texas, operating pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and by a confirmation election held within the District on May 13, 2006. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered 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, among other things. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. Currently the District’s water and wastewater are provided by contract with the City of Fate, Texas (the “City”) as described under “Special District Agreements,” see Note 6. 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 and is located exclusively within the corporate limits of the City. The District held its organizational meeting on October 18, 2005, and sold its first series of bonds on October 27, 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 to obtain net total revenues and expenses 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 financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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. As of August 31, 2022, the Debt Service Fund owed the General Fund \$5,069 for maintenance tax collections and the Capital Projects Fund owed the General Fund \$53,737 for bond anticipation note and bond issuance costs.

Capital and Intangible Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$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 are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

To date, all capital assets constructed by the District have been conveyed to the City of Fate, Texas for operations and maintenance, except for detention pond land in Woodcreek, Phases 5A and 8B. These costs are recorded as an intangible asset and amortized over the term of the applicable service contract.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

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

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for 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.

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

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (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 and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2020	Road Series 2021
Amount Outstanding – August 31, 2022	\$ 4,990,000	\$ 2,310,000
Interest Rates	2.00% - 3.00%	2.375% - 4.875%
Maturity Dates – Serially Beginning/Ending	October 1, 2023/2045	October 1, 2023/2046
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2025*	October 1, 2025*

* In whole or in part, or any date thereafter at par plus unpaid accrued interest. Series 2020 term bonds maturing October 1, 2042 and October 1, 2045 are subject to mandatory redemption beginning October 1, 2039 and October 1, 2043, respectively. Series 2021 Road term bonds maturing October 1, 2032, October 1, 2034, October 1, 2037, October 1, 2040, October 1, 2043, and October 1, 2046 are subject to mandatory redemption beginning October 1, 2031, October 1, 2033, October 1, 2035, October 1, 2038, October 1, 2041, and October 1, 2044, respectively.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2022:

	September 1, 2021	Additions	Retirements	August 31, 2022
Bonds Payable	\$ 7,300,000	\$	\$	\$ 7,300,000
Unamortized Discounts	(44,471)		(1,826)	(42,645)
Unamortized Premiums	41,960		1,690	40,270
Bonds Payable, Net	\$ 7,297,489	\$ -0-	\$ (136)	\$ 7,297,625
			Amount Due Within One Year	\$ -0-
			Amount Due After One Year	7,297,625
			Bonds Payable, Net	\$ 7,297,625

As of August 31, 2022, the District had authorized but unissued bonds in the amount of \$13,710,000 for water, sanitary sewer and drainage bonds, \$48,100,000 for refunding bonds and \$15,990,000 for road bonds.

As of August 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$	\$ 190,761	\$ 190,761
2024	220,000	187,627	407,627
2025	230,000	181,187	411,187
2026	235,000	174,526	409,526
2027	245,000	168,532	413,532
2028-2032	1,325,000	758,120	2,083,120
2033-2037	1,525,000	587,145	2,112,145
2038-2042	1,770,000	369,175	2,139,175
2043-2047	1,750,000	106,597	1,856,597
	\$ 7,300,000	\$ 2,723,670	\$ 10,023,670

The bonds are payable from the proceeds of an ad valorem tax upon all property subject to taxation within the District, without limitation as to rate or amount. During the current fiscal year ended August 31, 2022, the District levied an ad valorem debt service tax rate of 0.54 per 100 of assessed valuation (\$0.38 for Utility and \$0.16 for Roads), which resulted in a levy of \$362,522 on the adjusted taxable valuation of \$67,133,608 for the 2021 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on the bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

For the bonds sold, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$293,280 and the bank balance was \$299,540. The bank balance was covered by federal depository insurance and other pledged collateral.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash
GENERAL FUND	\$ 8,752
DEBT SERVICE FUND	41,484
CAPITAL PROJECTS FUND	243,044
TOTAL DEPOSITS	\$ 293,280

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.

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all of its portfolio assets at amortized cost for financial reporting purposes and, therefore, the District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of August 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 229,451	\$ 229,451
<u>DEBT SERVICE FUND</u>		
LOGIC	365,205	365,205
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	326,827	326,827
TOTAL INVESTMENTS	\$ 921,483	\$ 921,483

Credit risk is the risk that the issuer of other counterparty to an investment will not fulfill its obligations. As of August 31, 2022, the District's investment in LOGIC was rated AAA by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there is a significant change in value.

Restrictions

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 6. CAPITAL AND INTANGIBLE ASSETS

Capital assets as of August 31, 2022 total \$253,135 and include land for detention ponds in Woodcreek, Phases 5A and 8B. Additionally, the District operates in contractual conjunction with the City of Fate, Texas (the "City"). In this arrangement, the facilities constructed by the District are conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. During the fiscal year ending August 31, 2022, the District recorded \$4,196,975 in transfers to the City in relation to intangible assets that have been conveyed to the City. As of August 31, 2022, a total of \$15,206,642 in assets have been conveyed to the City.

	September 1, 2021	Increases	Decreases	August 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 253,135	\$ - 0 -	\$ - 0 -	\$ 253,135
Intangible Assets Subject to Amortization				
Water, Sanitary and Sewer	\$ 7,125,757	\$ 1,991,180	\$	\$ 9,116,937
Paving	5,859,350	2,205,795		8,065,145
Total Intangible Assets Subject to Amortization	\$ 12,985,107	\$ 4,196,975	\$ - 0 -	\$ 17,182,082
Less Accumulated Amortization				
Water, Sanitary and Sewer	\$ 518,107	\$ 379,435	\$	\$ 897,542
Paving	427,939	649,959		1,077,898
Total Accumulated Amortization	\$ 946,046	\$ 1,029,394	\$ - 0 -	\$ 1,975,440
Total Amortizable Intangible Assets, Net of Accumulated Amortization	\$ 12,039,061	\$ 3,167,581	\$ - 0 -	\$ 15,206,642

NOTE 7. MAINTENANCE TAX

On May 13, 2006, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount 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 waterworks and wastewater systems. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.21 per \$100 of assessed valuation, which resulted in a tax levy of \$140,981 on the adjusted taxable valuation of \$67,133,608 for the 2021 tax year.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 8. SPECIAL DISTRICT AGREEMENT

Rockwall County Consolidated Municipal Utility District No. 1 (District No. 1), Rockwall County Consolidated Municipal Utility District No. 2 (District No. 2), the City of Fate, Texas (the “City”) and PRA/Fate Development Corp., the Developer within the District, have entered into the Special District Agreement dated December 1, 2003. Pursuant to the terms of the agreement, the City agrees to provide retail water capacity to 1,300 residential units and sewer capacity to 700 residential units within the districts. The City agrees to own, operate and maintain the facilities and charge user fees equal to those charged others within its boundaries. Under the agreement, the Developer agrees to finance and construct on behalf of the districts the internal water, sewer and drainage facilities.

On May 17, 2006, the District, District No. 1, Rockwall County Municipal Utility District’s No. 6, 7 and 9 (District’s No. 6, 7 and 9), the City, and PRA/Fate Development Corp. entered into the Special District Agreement No. 2. This agreement noted that District No. 2 has become dormant and that the District and District’s No. 6, 7 and 9 have been created over land comprising of District No. 2 and are now party to the original agreement in the place of District No. 2. It was also noted that the newly created districts have certain road powers that the District does not have and that the construction and acquisition of roads will be subject to the same rights and obligations as the water, sewer and drainage facilities referenced in the original agreement. Pursuant to the terms of the agreement, the City agrees to provide additional retail water capacity to 1,000 residential units and sewer capacity to 500 residential units with the districts.

Pursuant to the Capacity Allocation Agreement between the District, District No. 1 and District’s No. 6, 7 and 9 approved on September 19, 2006, the districts have agreed that all the water and sewer capacity mentioned in the Special District Agreement and the Special District Agreement No. 2 will be allocated to District No. 1. The districts will cooperate with the Developer and the City for any additional water and sewer capacity that will be needed by any of the districts. PRA/Fate Development Corp., the original developer, has assigned the agreements to Southstar Woodcreek Developer, LLC.

NOTE 9. UNREIMBURSED COSTS

The District has executed development financing agreements with Developers within the District. These agreements call for the Developers to fund costs associated with water, sewer and drainage facilities and to advance monies to fund operations until such time as the District can sell bonds to reimburse the Developers. As reflected in the Statement of Net Position, \$9,529,807 has been recorded as a liability for completed facilities financed by Developers and for developer advances. Reimbursement to the Developers will come from future bond sales.

Due to Developers, September 1, 2021	\$ 8,239,387
Current Year Additions	2,497,555
Current Year Reimbursements	<u>(1,207,135)</u>
Due to Developers, August 31, 2022	<u>\$ 9,529,807</u>

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 10. RISK MANAGEMENT

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

NOTE 11. WATER AND WASTEWATER CAPACITY

On June 24, 2003, the City and PRA/Fate Development Corp (“PRA/Fate”) entered into an agreement for certain off-site water and sewer improvements to serve the District (the “2003 Agreement”). PRA/Fate agreed to pay the entire cost for the design and construction of the improvements and, as consideration for the construction of the improvements, the City shall provide access, capacity and rights to water and sewer services for PRA/Fate to be used on the property provided by the improvements.

In order to adequately serve the property with sewer service, the City has become a member of the Sabine Creek Wastewater System, which is owned and operated by North Texas Municipal Water District (“NTMWD”). The City’s capacity contracts with NTMWD require annual debt service payments from the City to NTMWD. Any shortfall between the City’s sewer revenue and the debt service payment to NTMWD related to District No. 1 would be paid by PRA/Fate pursuant to the 2003 Agreement.

On November 15, 2010, the 2003 Agreement was amended. On September 24, 2013, PRA/Fate assigned the reimbursement rights to Southstar Woodcreek Developer, LLC (“the Developer”). The City will remain obligated to fully reimburse the Developer for remaining unreimbursed project costs. In consideration for the Developer funding the project costs and project improvements, the City agrees to provide the Developer, and in turn District No. 1, with 2,300 residential units of water capacity and 1,200 residential units of wastewater capacity.

In consideration for the provisions of wastewater service to District No. 1 and reservation of wastewater capacity for District No. 1 the Developer had made and shall make annual payments to the City according to the following schedule; \$400,000, 200,000, and \$152,525 due on November 30, 2010, September 30, 2011 and September 30, 2012 respectively, for the debt service payments to NTMWD. District No. 1 paid these amounts to the City, in lieu of Developer payment or as reimbursement to the Developer for prior payments which are of benefit to District No. 1, in a prior fiscal year. After payment of these amounts, the Developer and District No. 1 have no other obligation to pay such shortfall amounts to the City. The term of the agreement is the earlier of 20 years or satisfaction of all terms and conditions by the parties to the agreement.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 12. BOND ANTICIPATION NOTE SALE

On March 1, 2022, the District closed on the sale of its \$3,222,000 Bond Anticipation Note, Series 2022 (the “BAN”). Proceeds from the BAN were used to reimburse Developers for a portion of the costs associated with construction and engineering for water, wastewater and drainage facilities to serve Woodcreek, Phases 5A, 5B, 8B and 8C; Woodcreek, Phase 5B grading; Woodcreek, Phase 8B Pond Retaining Wall; water and wastewater impact fees; and to pay issuance costs of the BAN. The BAN was redeemed with proceeds from the Series 2022 Utility Bonds, see Note 13.

NOTE 13. SUBSEQUENT EVENT – BOND SALES

On October 26, 2022, subsequent to year end, the District closed on the sale of its \$5,290,000 Unlimited Tax Utility Bonds, Series 2022. Proceeds from the bonds were used to reimburse Developers for a portion of the costs associated with construction and engineering for water, wastewater and drainage facilities to serve Woodcreek, Phases 5A, 5B, 8B and 8C; Woodcreek, Phase 5B grading; Woodcreek, Phase 8B Pond Retaining Wall; and to redeem the Series 2022 BAN and pay for capitalized interest and issuance costs of the BAN and bonds.

On October 26, 2022, subsequent to year end, the District closed on the sale of its \$4,540,000 Unlimited Tax Road Bonds, Series 2022. Proceeds from bonds were used to reimburse Developers for construction and engineering costs for road facilities to serve Woodcreek, Phases 5A, 5B and 8B and land costs; and to pay for capitalized interest, developer interest and issuance costs of the bonds.

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 8**

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2022

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 135,240	\$ 139,730	\$ 4,490
Penalty and Interest		5,353	5,353
Investment Revenues	<u>240</u>	<u>1,443</u>	<u>1,203</u>
TOTAL REVENUES	<u>\$ 135,480</u>	<u>\$ 146,526</u>	<u>\$ 11,046</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 88,300	\$ 67,169	\$ 21,131
Contracted Services	20,400	15,146	5,254
Other	<u>17,741</u>	<u>9,993</u>	<u>7,748</u>
TOTAL EXPENDITURES	<u>\$ 126,441</u>	<u>\$ 92,308</u>	<u>\$ 34,133</u>
NET CHANGE IN FUND BALANCE	\$ 9,039	\$ 54,218	\$ 45,179
FUND BALANCE - SEPTEMBER 1, 2021	<u>219,325</u>	<u>219,325</u>	<u> </u>
FUND BALANCE - AUGUST 31, 2022	<u>\$ 228,364</u>	<u>\$ 273,543</u>	<u>\$ 45,179</u>

See accompanying independent auditor's report.

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**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 8**

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

AUGUST 31, 2022

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2022

5. LOCATION OF DISTRICT: (Continued)

City in which District is located:

City of Fate, Texas

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

PROFESSIONAL FEES:	
Auditing	\$ 12,200
Engineering	10,333
Legal	<u>44,636</u>
TOTAL PROFESSIONAL FEES	<u>\$ 67,169</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 15,146</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 4,200
Insurance	3,319
Payroll Taxes	325
Travel and Meetings	2,078
Other	<u>71</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 9,993</u>
TOTAL EXPENDITURES	<u>\$ 92,308</u>

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
INVESTMENTS
AUGUST 31, 2022

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX0003	Varies	Daily	\$ 229,451	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX0002	Varies	Daily	\$ 365,205	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX0001	Varies	Daily	\$ 326,827	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 921,483</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2021	\$	508	\$	-0-
Adjustments to Beginning				
Balance		<u>14</u>	\$	<u>-0-</u>
Original 2021 Tax Levy	\$	142,357	\$	366,062
Adjustment to 2021 Tax Levy		<u>(1,376)</u>	<u>140,981</u>	<u>(3,540)</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	141,503	\$
				362,522
TAX COLLECTIONS:				
Prior Years	\$	522	\$	-0-
Current Year		<u>139,208</u>	<u>139,730</u>	<u>357,963</u>
TAXES RECEIVABLE -				
AUGUST 31, 2022		<u>\$</u>	<u>1,773</u>	<u>\$</u>
				<u>4,559</u>
TAXES RECEIVABLE BY				
YEAR:				
2021		<u>\$</u>	<u>1,773</u>	<u>\$</u>
				<u>4,559</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	2021	2020	2019
PROPERTY VALUATIONS:			
Land	\$ 21,674,890	\$ 19,048,600	\$ 4,284,270
Improvements	48,334,495	21,095,645	
Personal Property	476,030	4,080	
Exemptions	(3,351,807)	(1,692,751)	(2,439,840)
TOTAL PROPERTY VALUATIONS	\$ 67,133,608	\$ 38,455,574	\$ 1,844,430
TAX RATES PER \$100 VALUATION:			
Debt Service	\$ 0.54	\$ 0.00	\$ 0.00
Maintenance	0.21	0.75	0.75
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.75	\$ 0.75	\$ 0.75
ADJUSTED TAX LEVY*	\$ 503,503	\$ 288,417	\$ 13,833
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.74 %	100.00 %	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 unlimited amount per \$100 of assessed valuation approved by voters on May 13, 2006.

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2023	\$	\$ 130,287	\$ 130,287
2024	155,000	128,737	283,737
2025	160,000	125,587	285,587
2026	165,000	122,338	287,338
2027	170,000	118,988	288,988
2028	175,000	115,538	290,538
2029	180,000	111,988	291,988
2030	185,000	108,222	293,222
2031	190,000	104,119	294,119
2032	195,000	99,666	294,666
2033	200,000	94,850	294,850
2034	205,000	89,787	294,787
2035	210,000	84,469	294,469
2036	220,000	78,687	298,687
2037	225,000	72,568	297,568
2038	230,000	66,313	296,313
2039	240,000	59,850	299,850
2040	245,000	52,875	297,875
2041	255,000	45,375	300,375
2042	260,000	37,650	297,650
2043	270,000	29,700	299,700
2044	275,000	21,525	296,525
2045	285,000	13,125	298,125
2046	295,000	4,425	299,425
2047			
	<u>\$ 4,990,000</u>	<u>\$ 1,916,669</u>	<u>\$ 6,906,669</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

SERIES - 2021 ROAD

Due During Fiscal Years Ending August 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2023		\$ 60,474	\$ 60,474
2024	65,000	58,890	123,890
2025	70,000	55,600	125,600
2026	70,000	52,188	122,188
2027	75,000	49,544	124,544
2028	75,000	47,669	122,669
2029	80,000	45,732	125,732
2030	80,000	43,732	123,732
2031	80,000	41,732	121,732
2032	85,000	39,722	124,722
2033	85,000	37,703	122,703
2034	90,000	35,625	125,625
2035	95,000	33,428	128,428
2036	95,000	31,172	126,172
2037	100,000	28,856	128,856
2038	100,000	26,481	126,481
2039	105,000	24,047	129,047
2040	110,000	21,494	131,494
2041	110,000	18,881	128,881
2042	115,000	16,209	131,209
2043	120,000	13,419	133,419
2044	120,000	10,569	130,569
2045	125,000	7,659	132,659
2046	130,000	4,631	134,631
2047	130,000	1,544	131,544
	<u>\$ 2,310,000</u>	<u>\$ 807,001</u>	<u>\$ 3,117,001</u>

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$	\$	\$
2024	220,000	187,627	407,627
2025	230,000	181,187	411,187
2026	235,000	174,526	409,526
2027	245,000	168,532	413,532
2028	250,000	163,207	413,207
2029	260,000	157,720	417,720
2030	265,000	151,954	416,954
2031	270,000	145,851	415,851
2032	280,000	139,388	419,388
2033	285,000	132,553	417,553
2034	295,000	125,412	420,412
2035	305,000	117,897	422,897
2036	315,000	109,859	424,859
2037	325,000	101,424	426,424
2038	330,000	92,794	422,794
2039	345,000	83,897	428,897
2040	355,000	74,369	429,369
2041	365,000	64,256	429,256
2042	375,000	53,859	428,859
2043	390,000	43,119	433,119
2044	395,000	32,094	427,094
2045	410,000	20,784	430,784
2046	425,000	9,056	434,056
2047	130,000	1,544	131,544
	<u>\$ 7,300,000</u>	<u>\$ 2,723,670</u>	<u>\$ 10,023,670</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2022

Description	Original Bonds Issued	Bonds Outstanding September 1, 2021
Rockwall County Municipal Utility No. 8 Unlimited Tax Utility Bonds - Series 2020	\$ 4,990,000	\$ 4,990,000
Rockwall County Municipal Utility No. 8 Unlimited Tax Road Bonds - Series 2021	<u>2,310,000</u>	<u>2,310,000</u>
TOTAL	<u>\$ 7,300,000</u>	<u>\$ 7,300,000</u>
Bond Authority:	<u>Water, Sewer and Drainage Bonds</u>	<u>Refunding Bonds*</u>
Amount Authorized by Voters	\$ 18,700,000	\$ 48,100,000
Amount Issued	<u>4,990,000</u>	<u> </u>
Remaining to be Issued	<u>\$ 13,710,000</u>	<u>\$ 48,100,000</u>
Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2022:		<u>\$ 406,689</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 400,947</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding August 31, 2022</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$	\$ 130,288	\$ 4,990,000	Regions Bank Houston, TX
		45,692	2,310,000	Regions Bank Houston, TX
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 175,980</u>	<u>\$ 7,300,000</u>	

<u>Road Bonds</u>
\$ 18,300,000
<u>2,310,000</u>
<u>\$ 15,990,000</u>

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 139,730	\$ 304,670	\$ 23,870
Penalty and Interest	5,353	92	10
Investment Revenues	1,443		
Miscellaneous Revenues		5,017	
TOTAL REVENUES	\$ 146,526	\$ 309,779	\$ 23,880
EXPENDITURES			
Professional Fees	\$ 67,169	\$ 73,579	\$ 203,591
Contracted Services	15,146	22,191	16,844
Other	9,993	16,713	14,187
TOTAL EXPENDITURES	\$ 92,308	\$ 112,483	\$ 234,622
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 54,218	\$ 197,296	\$ (210,742)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$ 61,190	\$
Developer Advances		58,327	120,451
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 119,517	\$ 120,451
NET CHANGE IN FUND BALANCE	\$ 54,218	\$ 316,813	\$ (90,291)
BEGINNING FUND BALANCE (DEFICIT)	219,325	(97,488)	(7,197)
ENDING FUND BALANCE (DEFICIT)	\$ 273,543	\$ 219,325	\$ (97,488)

* First audit was for the fiscal year ended August 31, 2019

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019*	2018	2022	2021	2020	2019*	2018
\$ 5,575	\$	95.3 %	98.3 %	99.9 %	99.7 %	%
1		3.7				
10		1.0	0.1	0.1	0.3	
			1.6			
<u>\$ 5,586</u>	<u>\$</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>%</u>
\$ 83,664	\$	45.8 %	23.8 %	852.6 %	1,497.7 %	%
7,515		10.3	7.2	70.5	134.5	
11,046		6.8	5.4	59.4	197.7	
<u>\$ 102,225</u>	<u>\$</u>	<u>62.9 %</u>	<u>36.4 %</u>	<u>982.5 %</u>	<u>1,829.9 %</u>	<u>%</u>
<u>\$ (96,639)</u>	<u>\$</u>	<u>37.1 %</u>	<u>63.6 %</u>	<u>(882.5) %</u>	<u>(1,729.9) %</u>	<u>N/A %</u>
\$ 97,538	\$					
<u>\$ 97,538</u>	<u>\$</u>					
\$ 899	\$					
(8,096)						
<u>\$ (7,197)</u>	<u>\$ N/A</u>					

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 357,963	\$	\$
Investment Revenues	<u>1,726</u>	<u>86</u>	<u></u>
TOTAL REVENUES	<u>\$ 359,689</u>	<u>\$ 86</u>	<u>\$</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 7,527	\$ 3,502	\$
Debt Service Interest and Fees	<u>177,536</u>	<u>55,734</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 185,063</u>	<u>\$ 59,236</u>	<u>\$</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 174,626</u>	<u>\$ (59,150)</u>	<u>\$</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ -0-</u>	<u>\$ 286,144</u>	<u>\$</u>
NET CHANGE IN FUND BALANCE	\$ 174,626	\$ 226,994	\$
BEGINNING FUND BALANCE	<u>226,994</u>	<u></u>	<u></u>
ENDING FUND BALANCE	<u>\$ 401,620</u>	<u>\$ 226,994</u>	<u>\$ N/A</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* First audit was for the fiscal year ended August 31, 2019

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019*</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019*</u>	<u>2018</u>
\$	\$	99.5 %	%	%	%	%
		<u>0.5</u> %	<u>100.0</u> %		%	%
\$	\$	<u>100.0</u> %	<u>100.0</u> %		%	%
\$	\$	2.1 %	4,072.1 %	%	%	%
		<u>49.4</u>	<u>64,807.0</u>			
\$	\$	<u>51.5</u> %	<u>68,879.1</u> %		%	%
\$	\$	<u>48.5</u> %	<u>(68,779.1)</u> %	<u>N/A</u> %	<u>N/A</u> %	<u>N/A</u> %
\$	\$					
\$	\$					
\$	\$					
<u>\$ N/A</u>	<u>\$ N/A</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

District Mailing Address - Rockwall County Municipal Utility District No. 8
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2022	Expense Reimbursements for the year ended August 31, 2022	Title
Linda Nelson	05/2022 05/2026 (Elected)	\$ 1,200	\$ 285	President
Connie Christensen	08/2022 05/2026 (Appointed)	\$ 300	\$ 59	Vice President
Ginger Bramlett	05/2020 05/2024 (Elected)	\$ 1,200	\$ 285	Secretary
Renee Espinoza	05/2020 05/2024 (Appointed)	\$ 600	\$ 31	Treasurer/ Assistant Secretary
Karen Parker	08/2022 05/2026 (Appointed)	\$ -0-	\$ -0-	Assistant Secretary
James Donald Parker	05/2018 04/2022 (Resigned)	\$ 900	\$ 410	Former President
Russell Berry	05/2018 04/2022 (Resigned)	\$ -0-	\$ -0-	Former 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: January 9, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$3,500 as set by Board Resolution on October 18, 2005. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended August 31, 2022</u>	<u>Title</u>
Winstead PC	09/22/15	\$ 41,570 \$ 32,450	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	10/11/19	\$ 12,250 \$ 8,700	Auditor Bond Related
Dye & Toverly, LLC	07/26/19	\$ 15,197	Bookkeeper
Kimley-Horn and Associates, Inc.	05/29/20	\$ 10,333	Engineer
Rockwall Central Appraisal District	10/01/14	\$ 5,176	Tax Assessor/ Collector
Robert W. Baird & Co. Incorporated	06/30/15	\$ 32,220	Financial Advisor
Kathi Dye	02/26/08	\$ -0-	Investment Officer

See accompanying independent auditor’s report.

APPENDIX B

Specimen Municipal Bond Insurance Policy



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

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