

OFFICIAL STATEMENT DATED AUGUST 14, 2024

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 has NOT designated 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"
See "MUNICIPAL BOND INSURANCE" and "RATING" herein.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
(A political subdivision of the State of Texas located within Collin County)

\$6,715,000
UNLIMITED TAX ROAD BONDS
SERIES 2024

Dated: September 1, 2024

Interest Accrues: Date of Delivery

Due: September 1, as shown on inside cover

The \$6,715,000 Unlimited Tax Road Bonds, Series 2024 (the "Bonds"), are obligations of Lakehaven Municipal Utility District of Collin County (the "District") and are not obligations of the State of Texas; Collin County, Texas; the City of Farmersville, Texas (the "City"); or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Collin County, Texas; the City; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, in Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated September 1, 2024 (the "Dated Date") and will accrue interest from the date of delivery, which is expected to be on or about September 11, 2024 (the "Date of Delivery"), with interest payable March 1, 2025, and on each September 1 and March 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.

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

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")**.



At an election on May 1, 2021, voters of the District authorized the District's issuance of a total of \$180,000,000 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"), \$270,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System, \$94,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"), and \$141,750,000 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 first issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, \$180,000,000 principal amount of unlimited tax bonds for the Utility System and \$87,785,000 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 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 September 11, 2024.

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

\$6,715,000 Unlimited Tax Road Bonds, Series 2024

\$6,160,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 511520 (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 511520 (b)
2026	\$ 155,000	6.500%	3.350%	AA6	****	****	****	****	****
2027	165,000	6.500%	3.350%	AB4	2040 (c)	300,000	4.000%	4.080%	AQ1
2028	170,000	6.500%	3.350%	AC2	2041 (c)	315,000	4.000%	4.110%	AR9
2029	180,000	6.500%	3.350%	AD0	2042 (c)	325,000	4.000%	4.140%	AS7
2030	190,000	6.500%	3.350%	AE8	2043 (c)	345,000	4.000%	4.170%	AT5
2031 (c)	195,000	4.000%	3.450%	AF5	2044 (c)	360,000	4.000%	4.200%	AU2
2032 (c)	205,000	4.000%	3.500%	AG3	2045 (c)	375,000	4.000%	4.230%	AV0
2033 (c)	215,000	4.000%	3.550%	AH1	2046 (c)	395,000	4.125%	4.260%	AW8
2034 (c)	225,000	4.000%	3.600%	AJ7	2047 (c)	415,000	4.125%	4.290%	AX6
2035 (c)	235,000	4.000%	3.650%	AK4	2048(c)	430,000	4.125%	4.320%	AY4
2036 (c)	250,000	4.000%	3.750%	AL2	2049 (c)	455,000	4.125%	4.350%	AZ1
2037 (c)	260,000	4.000%	3.850%	AM0					

\$555,000 Term Bonds

\$555,000 Term Bonds Due September 1, 2039 (c)(d), Interest Rate: 4.000% (Price: \$100.000) (a), CUSIP No. 511520 AP3 (b)

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein 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 will be 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 shall be responsible for the selection or correctness of the CUSIP numbers.
- (c) The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2030 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 Winstead PC (“Bond Counsel”) for further information.

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.”

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

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 97.000000% of the par value thereof, which resulted in a net effective interest rate of 4.322348%, 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.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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, Build America Mutual Assurance Company ("BAM") will issue a 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 an appendix to this Official Statement.

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

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 municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of

income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. 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 June 30, 2024, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$232.7 million, and \$253.3 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 of 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 are expected to receive an insured rating of “AA” from S&P solely in reliance upon the issuance of the Policy for the Bonds 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.

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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..... Lakehaven Municipal Utility District of Collin County (the “District”), a political subdivision of the State of Texas, is located in Collin County, Texas. See “THE DISTRICT.”

The Bonds..... The District’s \$6,715,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”) mature on September 1 in the years and amounts set forth on the inside cover of this Official Statement. The Bonds are dated September 1, 2024 (the “Dated Date”), and will accrue interest from the date of delivery, which is expected to be on or about September 11, 2024 (the “Date of Delivery”), with interest payable March 1, 2025, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. See “THE BONDS.”

Redemption..... *Optional Redemption:* Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2030, 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.*”

Mandatory Redemption: The Bonds maturing on September 1 in the year 2039 are term bonds (the “Term Bonds”). The Term Bonds are subject to certain mandatory sinking fund redemption provisions as set forth 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 tax, 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; Collin County, Texas; the City of Farmersville, Texas; or any political subdivision or entity other than the District. See “THE BONDS – Source of Payment.”

Authority of Issuance..... The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (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) an election held within the District on May 1, 2021; and (iv) Chapter 8093, Texas Special District Local Laws Code (the "District Act"). See "THE BONDS – Authority for Issuance" and "THE DISTRICT – General."

Voted Authorization.....At an election on May 1, 2021, voters of the District authorized the District's issuance of a total of \$180,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system serving the District (the "Utility System"), as well as total of \$270,000,000 principal amount of unlimited tax bonds for the purpose of refunding of bonds issued by the District for the Utility System.

At an election held on May 1, 2021, voters of the District also authorized the District's issuance of a total of \$94,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system serving the District (the "Road System"), as well as a total of \$141,750,000 principal amount of unlimited tax bonds for the purpose of refunding of bonds issued by the District for the Road System. The Bonds constitute the District's first issuance of unlimited tax bonds for the purpose of acquiring or constructing the Road System.

After issuance of the Bonds, the following voted authorization will remain authorized but unissued: \$180,000,000 principal amount of unlimited tax bonds for the Utility System; \$87,785,000 principal amount of unlimited tax bonds for the Road System; \$270,000,000 of unlimited tax refunding bonds for the Utility System; and \$141,750,000 of unlimited tax refunding bonds for the Road System. See "THE BONDS – Authority for Issuance."

Payment Record.....The District has not previously issued unlimited tax bonds.

Use of Proceeds of the Bonds.....Proceeds 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 – Estimated Use and Distribution of Proceeds of the Bonds." In addition, proceeds from the sale of the Bonds will be used to pay developer interest, eighteen months of capitalized interest and costs of issuance of the Bonds as described herein. See "THE BONDS – Estimated 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 InsuranceBuild America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."

Rating.....S&P Global Ratings (BAM Insured): "AA." See "RATING."

Bond Counsel and General CounselWinstead PC, Dallas, Texas. See "LEGAL MATTERS."

Disclosure CounselMcCall, 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 by the Texas Commission on Environmental Quality (the “TCEQ”) on January 10, 2014, as a municipal utility district. The District acquired certain additional powers via passage of SB 2535, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8093, Texas Special District Local Laws Code (the “District Act”). The District was confirmed by an election held within the District on May 1, 2021. 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; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, applicable to municipal utility districts; and the District Act. 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, 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 currently contains approximately 453.3 total acres and is located entirely within Collin County, Texas, and Farmersville Independent School District. See “THE DISTRICT.”
- Location..... The District is located in Collin County, Texas, in the extraterritorial jurisdiction of the City of Farmersville. The District encompasses approximately 453.3 acres located west of SH 78, north of County Road 550; east of Lavon Lake and a portion of County Road 551, with a portion of County Road 551 turning east and crossing through the District. The District is located in the Farmersville Independent School District.
- Developers..... GRBK Edgewood LLC (“Green Brick”), a Texas limited liability company, and Meritage Homes of Texas, LLC (“Meritage”), an Arizona limited liability company are the developers of land within the District. Green Brick and Meritage are herein referred to as the “Developers.” To date, the Developers have developed approximately 107.36 acres (595 lots) as Lakehaven, Phases 1, 2 and 3 and are currently developing approximately 197.99 acres (1,044 lots) as Lakehaven Phases 4, 5, 7, and 8. See “THE DEVELOPER” and “DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development.”
- Development in the District..... To date, within the District, a total of approximately 595 single-family lots on approximately 107.36 acres have been developed as the residential subdivisions of Lakehaven, Phases 1, 2 and 3. As of June 1, 2024, development within the District includes approximately 266 completed single-family homes (approximately 244 occupied, 17 unoccupied, and 5 model homes), approximately 169 single-family homes under construction, and approximately 160 vacant developed single-family lots. The remaining land within the District includes approximately 13.0 acres intended for a school site and a fire station, approximately 1.70 acres for an amenity center, approximately 197.99 acres currently under development as 1,044 single family lots, approximately 43.75 undeveloped but developable acres, and approximately 85.07 undevelopable acres. See “DEVELOPMENT WITHIN THE DISTRICT – Current Status of Development.”

Homebuilders Within the District..... Homebuilders active in the District include Trophy Signature Homes and Meritage Homes. The homes being marketed in the District range in price from \$257,000 to \$375,000 and range in size from 1,270 square feet to 3,673 square feet. See "DEVELOPMENT WITHIN THE DISTRICT - Homebuilders Within the District."

RISK FACTORS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT RISKS 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 "RISK FACTORS," BEFORE MAKING AN INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2024 Taxable Assessed Valuation.....	\$ 83,603,165	(a)
Estimate of Value as of June 1, 2024.....	\$132,339,125	(b)
Direct Debt:		
The Bonds	<u>\$ 6,715,000</u>	
Total.....	<u>\$ 6,715,000</u>	
Estimated Overlapping Debt.....	<u>\$ 4,489,144</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 11,204,144	(c)
Direct Debt Ratios:		
As a percentage of 2024 Taxable Assessed Valuation.....	8.03	%
As a percentage of Estimate of Value as of June 1, 2024.....	5.07	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2024 Taxable Assessed Valuation.....	13.40	%
As a percentage of Estimate of Value as of June 1, 2024.....	8.47	%
Road System Debt Service Fund Balance (as of Date of Delivery)	\$ 438,328	(d)
General Operating Fund Balance (as of July 10, 2024).....	\$ 2,000	(e)
2023 Tax Rate		
Utility System Debt Service	\$0.00	(f)
Road System Debt Service	\$0.00	(f)
Maintenance & Operation	<u>\$1.20</u>	
Total.....	\$1.20	(g)
Average Annual Debt Service Requirement (2025–2049)	\$ 442,277	(h)
Maximum Annual Debt Service Requirement (2049).....	\$ 473,769	(h)
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2025–2049) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.56	
Based on Estimate of Value as of June 1, 2024.....	\$0.36	
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2049) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.60	
Based on Estimate of Value as of June 1, 2024.....	\$0.38	

- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2024, as certified by the Collin Central Appraisal District (the "Appraisal District"). Such value includes \$265,992 of assessed valuation which represents 80% of the uncertified value under review by the Collin Central Appraisal Review Board. See "TAX PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal District for informational purposes only. This estimate reflects the addition of taxable value resulting from new construction within the District from January 1, 2024 to July 1, 2024. No taxes will be levied on this estimated value. See "TAX PROCEDURES."
- (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest which is expected to be deposited into the Road System Debt Service Fund (defined herein) upon closing of the Bonds. Neither Texas law nor the Bond Order require 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).
- (e) See "RISK FACTORS – Operating Funds."
- (f) The District did not levy a Utility System Debt Service tax rate or Road System Debt Service tax rate for the 2023 tax year.
- (g) The District has authorized publication of its intent to levy a total tax rate of \$1.20 per \$100 of assessed valuation for the 2024 tax year.
- (h) See "DISTRICT DEBT – Debt Service Requirement Schedule."

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
(A Political Subdivision of the State of Texas Located in Collin County)

\$6,715,000
Unlimited Tax Road Bonds
Series 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Lakehaven Municipal Utility District of Collin County (the "District") of its \$6,715,000 Unlimited Tax Road Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (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) an election held within the District on May 1, 2021; and (iv) Chapter 8093, Texas Special District Local Laws Code (the "District Act").

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, 4801 Woodway Drive, Suite 118-E, Houston, TX, 77056.

RISK FACTORS

General

The Bonds, which are obligations solely of the District and are not obligations of the State of Texas; Collin County, Texas; the City of Farmersville, Texas (the "City"); or any political subdivision other than the District, will be secured by two separate annual ad valorem taxes, each 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 the construction activity, particularly 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 40 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 commercial, retail and single-family for rent industries. New construction can be significantly affected by factors such as interest rates, construction costs, energy costs, and consumer demand. Decreased levels of home construction or commercial 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 2024 owned property located within the District the aggregate assessed valuation of which comprised approximately 41.17% of the District's total taxable assessed valuation as of January 1, 2024. The Developers owned approximately 37.20% of the District's total taxable assessed valuation as of January 1, 2024. See "THE DEVELOPERS – Description of the Developers."

Developers Under No Obligation to the District: The Developers have informed the District of its current plans to continue to develop land in the District for residential and commercial 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 2024 Taxable Assessed Valuation of property located within the District is \$83,603,165 and the Estimate of Value as of June 1, 2024 is \$132,339,125. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds is \$473,769 (2049) and the average annual debt service requirement on the Bonds is \$442,277 (2025-2049). Assuming no increase to nor decrease from the 2024 Taxable Assessed Valuation, tax rates of \$0.60 and \$0.56 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 Value as of June 1, 2024, tax rates of \$0.38 and \$0.36 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 2023 tax year, the District levied a total tax rate of \$1.20 per \$100 of assessed valuation. Such rate is composed of entirely of a maintenance tax rate of \$1.20 per \$100 of assessed valuation.

Increases in the District's tax rate to substantially higher levels than the current rate of \$1.20 per \$100 of assessed taxable valuation which the District presently levied 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.

Operating Funds

The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District levied a 2023 maintenance tax of \$1.20 per \$100 of assessed valuation. The District's general fund balance as of July 10, 2024, was \$2,000. The revenue produced from a \$1.20 maintenance tax in 2023 or a reduced maintenance tax in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive general fund balance will depend upon (1) cash subsidies from the Developers and (2) continued development and increased amounts of maintenance tax revenues. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate.

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 property can be foreclosed only in a judicial proceeding.

Vacant Developed Lots

As of June 1, 2024, approximately 160 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.

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 Texas Commission on Environmental Quality (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

The District's voters have authorized the issuance of \$180,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary sewer and storm drainage system serving the District (the "Utility System"); \$94,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system serving the District (the "Road System"); \$270,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and \$141,750,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the first series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$180,000,000 for the purpose of acquiring or constructing the Utility System; \$87,785,000 for the purpose of acquiring or constructing the Road System; \$270,000,000 for the purpose of refunding bonds issued by the District for the Utility System; and \$141,750,000 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may

hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order impose no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System, approved by the TCEQ). See "THE BONDS – Issuance of Additional Debt".

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$180,000,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Utility System will be sufficient to fully finance utility facilities to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$87,785,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Road System will be sufficient to fully finance road facilities to serve the remaining undeveloped but developable land within the District.

Following the issuance of the Bonds, the District will owe the Developers approximately \$14,500,000 for expenditures to construct the Utility System and approximately \$10,500,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District intends to issue approximately \$5,855,000 in bonds to reimburse the Developer for costs associated with constructing or acquiring the Utility System. Such bonds are expected to sell in September of 2024 with closing in October of 2024.

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 does not pass upon or guarantee the security of the Bonds as an investment, nor has or will the Attorney General of Texas pass upon the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

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

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

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

occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

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.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by 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 Policy, the Bonds are payable solely from the moneys received pursuant to the applicable Bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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 or the Initial Purchaser (hereinafter defined) 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 "RATING" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

Collection of Taxes

The District's ability to pay debt service on the Bonds may be adversely affected by its ability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien on the property in favor of

the District on a parity with the lien of all other local taxing authorities. Such lien can be foreclosed in judicial proceedings. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of a tax collection procedure against a taxpayer or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property including the taxpayer's right to redeem property for a specified period of time after foreclosure at the foreclosure sale price. See "TAXING PROCEDURES – Assessment and Levy of Taxes."

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 of Directors of the District (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 September 1, 2024 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about September 11, 2024 (the "Date of Delivery"), with interest payable March 1, 2025, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until earlier of stated maturity or prior 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"). 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 of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants

of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating 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 held on May 1, 2021, voters of the District also authorized the District's issuance of a total of \$180,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System, as well as a total of \$270,000,000 principal amount of unlimited tax bonds for the purpose of refunding of bonds issued by the District for the Utility System.

At an election on May 1, 2021, voters of the District authorized the District's issuance of a total of \$94,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System, as well as total of \$141,750,000 principal amount of unlimited tax bonds for the purpose of refunding of bonds issued by the District for the Road System. The Bonds constitute the District's first 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, including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) an election held within the District on May 1, 2021; and (iv) the District Act.

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

Payment Record

The Bonds represent the District's first issuance of unlimited tax bonds.

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 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 an 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 remedy to 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; Collin County, Texas; the City; 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 September 1, 2031, prior to their scheduled maturities, in whole or in part, on September 1, 2030, 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 first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. 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 maturing on September 1 in the year 2039 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”), and in the principal amount set forth in the following schedule:

<u>\$555,000 Term Bonds Maturing on September 1, 2039</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2038	\$ 270,000
September 1, 2039 (Maturity)	\$ 285,000

The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District, by the principal amount of any Term Bonds of such maturity which, at least fifty (50) days prior to a Mandatory Redemption Date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with monies in the applicable debt service fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirements.

Annexation

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed for full purposes by the City without the District’s consent, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. The District may be annexed and dissolved by the City only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the land owners, consenting to annexation. If the District is annexed, the City must assume the District’s assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, subject to the requirements of Chapter 43 of the Texas Local Government Code, as amended, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should the annexation occur.

In 2021, the District entered into a Development Agreement (the “DA”) with the City and Lakehaven Farmersville, LLC, the Developers’ predecessor in interest.

Under the DA, (1) the District has consented to the full-purpose annexation of the District by the City at any time on or after 100 percent of the land in the District has been developed with water, sanitary sewer and drainage facilities and roads and the District has issued bonds to reimburse fully the Developers of any such facilities and roads to the fullest extent allowed under the then-current rules of the TCEQ, and (2) the City has agreed not to annex the District for full municipal purposes prior to such time.

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 or 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.

District 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 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 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.

Issuance of Additional Debt

The District's voters have authorized the issuance of \$180,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$94,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; \$270,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; and \$141,750,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the first series of bonds issued by the District for the purpose of acquiring or constructing the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$180,000,000 for the purpose of acquiring or constructing the Utility System; \$87,785,000 for the purpose of acquiring or constructing the Road System; \$270,000,000 for the purpose of refunding bonds issued by the District for the Utility System; and \$141,750,000 for the purpose of refunding bonds issued by the District for the Road System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System, approved by the TCEQ).

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$180,000,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing the Utility System will be sufficient to fully finance utility facilities to serve the remaining undeveloped but developable land within the District.

Based on present engineering cost estimates and development plans, in the opinion of the District's Engineer, the remaining \$87,785,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of

acquiring or constructing the Road System will be sufficient to fully finance road facilities to serve the remaining undeveloped but developable land within the District.

Following the issuance of the Bonds, the District will owe the Developers approximately \$14,500,000 for expenditures to construct the Utility System and approximately \$10,500,000 for expenditures to construct the Road System. Such expenditures are expected to increase as development continues within the District. See “RISK FACTORS – Future Debt.”

The District intends to issue approximately \$5,855,000 in bonds to reimburse the Developer for costs associated with constructing or acquiring the Utility System. Such bonds are expected to sell in September of 2024 with closing in October of 2024.

Before issuing any authorized but unissued bonds for the Utility System, the District would have to obtain approval of 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; therefore, it is not anticipated that the District will issue bonds for these purposes.

No Arbitrage

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

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, 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 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 "RISK FACTORS – 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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Estimated 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. In addition, proceeds from the sale of the Bonds will be used to pay developer interest, eighteen months of capitalized interest and costs of issuance of the Bonds as described below.

	Amount
<u>Construction Costs</u>	
A. Lakehaven Blvd & Phase 1 – Grading	\$ 321,591
B. Lakehaven Phase 1 – Utilities	215,917
C. Lakehaven Phase 1 – Paving	1,422,763
D. Lakehaven Phase 1 – Material Testing	72,588
E. Lakehaven Phase 1 – SWPPP Costs	3,123
F. Lakehaven Blvd – Engineering Costs	283,814
G. Lakehaven Phase 1 – Engineering Costs	257,920
H. Lakehaven Phase 2 – Engineering Costs	239,836
I. Lakehaven Blvd – ROW Costs	707,409
J. Lakehaven Phase 1 – ROW Costs	438,103
K. Lakehaven Phase 2 – ROW Costs	714,090
L. Lakehaven Phase 3 – ROW Costs	311,868
M. Land Interest	357,846
Total Construction Costs	\$ 5,346,868
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 174,300
B. Financial Advisor Fees	134,300
C. Capitalized Interest (18 Months)	438,328
D. Developer Interest	276,692
E. Bond Discount	201,450
F. Bond Issuance Expenses	50,050
G. Bond Engineering Cost	21,000
H. Attorney General Fee	6,715
H. Contingency (a)	65,297
Total Non-Construction Costs	\$ 1,368,132
TOTAL BOND ISSUE REQUIREMENT	\$ 6,715,000

(a) Represents the difference between actual and allotted Capitalized Interest.

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
SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2024 Taxable Assessed Valuation.....	\$ 83,603,165	(a)
Estimate of Value as of June 1, 2024.....	\$132,339,125	(b)
Direct Debt:		
The Bonds	<u>\$ 6,715,000</u>	
Total.....	<u>\$ 6,715,000</u>	
Estimated Overlapping Debt.....	<u>\$ 4,489,144</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 11,204,144	(c)
Direct Debt Ratios:		
As a percentage of 2024 Taxable Assessed Valuation.....	8.03	%
As a percentage of Estimate of Value as of June 1, 2024.....	5.07	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2024 Taxable Assessed Valuation.....	13.40	%
As a percentage of Estimate of Value as of June 1, 2024.....	8.47	%
Road System Debt Service Fund Balance (as of Date of Delivery)	\$ 503,625	(d)
General Operating Fund Balance (as of July 10, 2024).....	\$ 2,000	(e)
2023 Tax Rate		
Utility System Debt Service	\$0.00	(f)
Road System Debt Service	\$0.00	(f)
Maintenance & Operation	<u>\$1.20</u>	
Total.....	\$1.20	(g)
Average Annual Debt Service Requirement (2025–2049)	\$ 442,277	(h)
Maximum Annual Debt Service Requirement (2049).....	\$ 473,769	(h)
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2025–2049) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.56	
Based on Estimate of Value as of June 1, 2024.....	\$0.36	
Combined Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2049) at 95% Collections		
Based on 2024 Taxable Assessed Valuation.....	\$0.60	
Based on Estimate of Value as of June 1, 2024.....	\$0.38	

- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2024, as certified by the Appraisal District. Such value includes \$265,992 of assessed valuation which represents 80% of the uncertified value under review by the Collin Central Appraisal Review Board. See "TAX PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal District for informational purposes only. This estimate reflects the addition of taxable value resulting from new construction within the District from January 1, 2024 to July 1, 2024. No taxes will be levied on this estimated value. See "TAX PROCEDURES."
- (c) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
- (d) Represents eighteen (18) months of capitalized interest which is expected to be deposited into the Road System Debt Service Fund upon closing of the Bonds. Neither Texas law nor the Bond Order require 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.
- (e) See "RISK FACTORS – Operating Funds."
- (f) The District did not levy a Utility System Debt Service tax rate or Road System Debt Service tax rate for the 2023 tax year.
- (g) The District has authorized publication of its intent to levy a total tax rate of \$1.20 per \$100 of assessed valuation for the 2024 tax year.
- (h) Requirement of debt service on the Bonds, assuming an interest rate of 4.75% on the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

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 *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 2024 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 June 30, 2024	Overlapping	
		Percent	Amount
Collin County	\$ 857,085,000	0.04%	\$ 321,646
Collin County Community College District	480,350,000	0.04	193,390
Farmersville Independent School District	58,665,000	6.77	3,974,108
Total Estimated Overlapping Debt.....			\$ 4,489,144
Direct Debt (a)			\$ 6,715,000
Total Direct and Estimated Overlapping Debt (a)			<u>\$11,204,144</u>

(a) The Bonds.

Debt Ratios

Direct Debt Ratios (a):

As a percentage of the 2024 Taxable Assessed Valuation.....	8.03 %
As a percentage of the Estimate of Value as of June 1, 2024	5.07 %

Direct and Estimated Overlapping Debt Ratios (a):

As a percentage of the 2024 Taxable Assessed Valuation.....	13.40 %
As a percentage of the Estimate of Value as of June 1, 2024	8.47 %

(a) See "TAX DATA - Analysis of Tax Base."

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 principal and interest requirements of the Bonds. Totals may not sum due to rounding.

Year Ending 12/31	The Bonds		Total Combined Debt Service
	Principal	Interest	
2025	\$ -	\$ 284,102	\$ 284,102
2026	155,000	292,219	447,219
2027	165,000	282,144	447,144
2028	170,000	271,419	441,419
2029	180,000	260,369	440,369
2030	190,000	248,669	438,669
2031	195,000	236,319	431,319
2032	205,000	228,519	433,519
2033	215,000	220,319	435,319
2034	225,000	211,719	436,719
2035	235,000	202,719	437,719
2036	250,000	193,319	443,319
2037	260,000	183,319	443,319
2038	270,000	172,919	442,919
2039	285,000	162,119	447,119
2040	300,000	150,719	450,719
2041	315,000	138,719	453,719
2042	325,000	126,119	451,119
2043	345,000	113,119	458,119
2044	360,000	99,319	459,319
2045	375,000	84,919	459,919
2046	395,000	69,919	464,919
2047	415,000	53,625	468,625
2048	430,000	36,506	466,506
2049	455,000	18,769	473,769
	<u>\$ 6,715,000</u>	<u>\$ 4,341,920</u>	<u>\$ 11,056,920</u>

Average Annual Debt Service Requirement on the Bonds (2025-2049) \$ 442,277

Maximum Annual Debt Service Requirement (2049)..... \$ 473,769

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TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of Payment." 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."

Property Tax Code and County-Wide Appraisal District

The Texas Property 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 Collin Central Appraisal District (the "Appraisal District" or "CAD") has the responsibility for appraising property for all taxing units within Collin County, including the District. Such appraisal values are subject to review and change by the Collin 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

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

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

the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted by May 1. The District has not adopted a general homestead exemption.

Freeport Goods Exemption and "Goods-in-Transit": 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.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and 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 CAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the CAD at least once every three years. It is not known what frequency of reappraisal will be utilized by the CAD 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 CAD 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 CAD chooses formally to include such values on its appraisal roll.

Tax Abatements

Collin County may designate all or part of the area within the District as a reinvestment zone. Thereafter, either Fate or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a reinvestment zone to date, and the District has not approved any such tax abatement agreements.

Reappraisal of Property after Disaster

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

Agricultural, Open Space, Timberland, and Inventory Deferment

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

Assessment and Levy

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 CAD 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 that 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 "THE BONDS – 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 tax year on a residence homestead appraised at the average appraised value of a resident 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 the Developing District is the current year’s debt service and contract tax rate 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 tax year on a residence homestead appraised at the average appraised value of a resident 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 on an annual basis. For the 2024 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 Bonds, and any future tax-supported bonds 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 its 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 2023 tax year, the District levied a total tax rate of \$1.20 per \$100 of assessed valuation. Such rate is composed entirely of a maintenance tax rate of \$1.20 per \$100 of assessed valuation. The District has authorized publication of its intent to levy a total tax rate of \$1.20 per \$100 of assessed valuation for the 2024 tax year.

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:	\$1.20 per \$100 of assessed valuation

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	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 5/31/2024
2022 (a)	\$ 2,273,930	\$ 1.200	\$ 27,287	100.00%	2023	100.00%
2023	6,527,736	1.200	78,333	100.00	2024	100.00

(a) The District levied its first tax rate in 2022.

Analysis of Tax Base

The following table illustrates the values and composition of property located within the District for the 2021 – 2024 tax years.

Type of Property	2024 Taxable Assessed Valuation (a)	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation
Land	\$ 58,591,294	\$ 18,075,965	\$ 18,075,965	\$ 3,007,212
Improvements	35,516,781	-	-	-
Personal Property	230,702	-	-	-
Exemptions	<u>(10,735,612)</u>	<u>(11,548,229)</u>	<u>(15,802,035)</u>	<u>(2,938,094)</u>
Total	\$ 83,603,165	\$ 6,527,736	\$ 2,273,930	\$ 69,118

(a) Such value includes \$265,992 of assessed valuation which represents 80% of the uncertified value under review by the Appraisal Review Board.

Tax Rate Distribution

The following table illustrates the breakdown of the District’s tax rate in the 2022–2023 tax years:

	<u>2023 (a)</u>	<u>2022</u>
Utility System Debt Service	\$0.000	\$0.000
Road System Debt Service	\$0.000	\$0.000
Maintenance & Operations (b)	<u>\$1.200</u>	<u>\$1.200</u>
Total	\$1.200	\$1.200

(a) The District has authorized publication of its intent to levy a total tax rate of \$1.20 per \$100 of assessed valuation for the 2024 tax year.

(b) See “TAX PROCEDURES – Rollback of Operation and Maintenance Tax Rate.”

Principal Taxpayers

Based upon information supplied by the Appraisal District, 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, 2024. The information reflects the composition of the Appraisal District’s record of property ownership as of January 1, 2024.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2024 Tax Roll</u>	<u>Percent of 2024 Roll</u>
TSHH LLC (a)	Land & Improvements	\$17,167,341	20.53%
Meritage Homes of Texas LLC (b)	Land & Improvements	13,932,384	16.66%
Homeowner	Land & Improvements	426,781	0.51%
Homeowner	Land & Improvements	424,779	0.51%
Homeowner	Land & Improvements	421,069	0.50%
Homeowner	Land & Improvements	414,284	0.50%
Homeowner	Land & Improvements	413,569	0.49%
Homeowner	Land & Improvements	413,569	0.49%
Homeowner	Land & Improvements	404,034	0.48%
Homeowner	Land & Improvements	401,454	0.48%
Total		<u>\$34,419,264</u>	<u>41.17%</u>

(a) TSHH, LLC is the legal entity for Trophy Signature Homes. See “THE DEVELOPERS” and “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders within the District.”

(b) See “THE DEVELOPERS” and “DEVELOPMENT WITHIN THE DISTRICT – Homebuilders within the District.”

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Bonds if no growth occurs in the District’s tax base beyond the District’s 2024 Taxable Assessed Valuation. 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 (2025-2049) (a).....	\$ 442,277
Tax Rate of \$0.56 on the 2024 Taxable Assessed Valuation produces	\$ 444,769
Tax Rate of \$0.36 on the Estimate of Value as of June 1, 2024 produces	\$ 452,600
Maximum Annual Debt Service Requirement (2049) (a).....	\$ 473,769
Tax Rate of \$0.60 on the 2024 Taxable Assessed Valuation produces	\$ 476,538
Tax Rate of \$0.38 on the Estimate of Value as of June 1, 2024 produces	\$ 477,744

(a) See “DISTRICT DEBT – Debt Service Requirement Schedule.”

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 2023 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.

<u>Taxing Jurisdiction</u>	<u>2023 Tax Rate Per \$100 of A.V.</u>
The District (a)	\$ 1.200000
Collin County	0.149343
Collin County Community College District	0.081220
Farmersville Independent School District	<u>1.181700</u>
Total Tax Rate	\$ 2.612263

(a) The District has authorized publication of its intent to levy a total tax rate of \$1.20 per \$100 of assessed valuation for the 2024 tax year.

THE DISTRICT

General

The District was created by the TCEQ on January 10, 2014, as a municipal utility district. The District acquired certain additional powers via passage of SB 2535, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8093, Texas Special District Local Laws Code (the “District Act”). The District was confirmed by an election held within the District on May 1, 2021. 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; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, applicable to municipal utility districts; and the District Act. 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, and the District Act.

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. 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; rather, it has contracted with the City for the provision of fire protection and emergency medical services. The District is subject to the continuing supervision of the TCEQ.

Location

The District is located in Collin County, Texas, in the extraterritorial jurisdiction of the City. The District encompasses approximately 453.3 acres located west of SH 78, north of County Road 550; east of Lavon Lake and a portion of County Road 551, with a portion of County Road 551 turning east and crossing through the District. The District is located in the Farmersville Independent School District.

Management of the District

- Board of Directors -

The District is governed by a 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>
Dean Dumke	President	2028
Andrew Prine	Vice President	2028
Guymon Phillips	Secretary	2026
Stephen Pepper	Assistant Secretary	2028
Daniella Giglio	Assistant Secretary	2026

- Consultants -

Tax Assessor/Collector: The tax assessor/collector for the District is Kenneth Maun, the Collin County Tax Assessor/Collector.

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 June 30, 2023. 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.

Operating History

The following sets forth in condensed form the historical results of the District’s general operating fund. For the fiscal year ended June 30, 2023, such summary has 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 – Financial Statements of the District.” The figures for period ending June 30, 2024 are unaudited and obtained from the District’s bookkeeper. The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ending June 30,	
	2024 (a)	2023
<u>Revenues</u>		
Property Taxes	\$ 44,612	\$ 27,287
Investment Revenues	<u>977</u>	<u>138</u>
Total Revenues	\$ 45,589	\$ 27,425
 <u>Expenditures</u>		
Professional Fees	\$ 141,418	\$ 71,762
Contracted Services	248,499	12,173
Other	<u>3,118</u>	<u>12,870</u>
Total Expenditures	\$ 393,035	\$ 96,805
 Net Change in Fund Balance	\$(347,446)	\$ (69,380)
 <u>Other Financing Sources:</u>		
Developer Advances	\$ 205,231	\$ 63,133
 Beginning Fund Balance	\$ <u>(14,073)</u>	\$ <u>(7,826)</u>
Ending Fund Balance	\$ (56,198)	\$ (14,073)

(a) Unaudited.

**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(July 2024)**



DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

To date, within the District, a total of approximately 595 single-family lots on approximately 107.36 acres have been developed as the residential subdivisions of Lakehaven, Phases 1, 2 and 3. As of June 1, 2024, development within the District includes approximately 266 completed single-family homes (approximately 244 occupied, 17 unoccupied, and 5 model homes), approximately 169 single-family homes under construction, and approximately 160 vacant developed single-family lots.

The remaining land within the District includes approximately 13.0 acres intended for a school site and a fire station, approximately 1.70 acres for an amenity center, approximately 197.99 acres currently under development as 1,044 single family lots, approximately 43.75 undeveloped but developable acres, and approximately 85.07 undevelopable acres.

The table below summarizes the development within the District as of June 1, 2024:

Lakehaven	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Phase 1	30.41	159	140	11	8
Phase 2	49.23	267	126	73	68
Phase 3	27.72	169	-	85	84
Total Residential Developed	107.36	595	266	169	160 (a)
Under Development	197.99				
Fire Station/School Site	13.00				
Amenity Center	1.70				
Undevelopable	85.07				
Remaining Developable	<u>43.75</u>				
District Total	453.30				

(a) See "RISK FACTORS – Vacant Developed Lots."

Homebuilders within the District

Homebuilders active in the District include Trophy Signature Homes and Meritage Homes. The homes being marketed in the District range in price from \$257,000 to \$375,000 and range in size from 1,270 square feet to 3,673 square feet.

THE DEVELOPERS

Role of the Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 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

GRBK Edgewood LLC (“Green Brick”), a Texas limited liability company, and Meritage Homes of Texas, LLC (“Meritage”), an Arizona limited liability company are the developers of land within the District. Green Brick and Meritage are herein referred to as the “Developers.” To date, the Developers have developed approximately 107.36 acres (595 lots) as Lakehaven, Phases 1, 2 and 3 and are currently developing approximately 197.99 acres (1,044 lots) as Lakehaven Phases 4, 5, 7, and 8.

The Developers currently operate under a Joint Ownership and Development Agreement (the “JODA”) where each Developer owns an undivided one-half interest in the Property. The costs to develop the land within the District are shared evenly by the Developers and one-half of the lots developed will be allocated to each of the Developers for home construction to begin.

- Green Brick -

Green Brick is a subsidiary of Green Brick Partners, Inc., which is a publicly traded company on the New York Stock Exchange and a national homebuilder. Green Brick Partners, Inc. files annual, quarterly, and current reports, proxy statements, and other information with the SEC. Green Brick Partners, Inc.’s SEC filings are available to the public over the internet at the SEC’s website at <http://www.sec.gov>. You may also read and copy any document that has been filed with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, Green Brick Partners, Inc. makes available on its website <http://www.greenbrickpartners.com> its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on Green Brick Partners, Inc.’s website, available by hyperlink from Green Brick Partners, Inc.’s website or on the SEC’s website, is not incorporated into this Official Statement. The District has not obtained any representations from Green Brick Partners, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

While Green Brick Partners, Inc. may provide internal financing to its subsidiaries, including Green Brick, it is not in any way responsible for the payment of taxes to the District or for the payment of interest and principal on the Bonds. Neither Green Brick nor Green Brick Partners, Inc. have made any commitment to pay debt service on the Bonds, and reference to the financial information of Green Brick Partners, Inc. in this Official Statement should not be so construed. Green Brick is not responsible for, liable for, obligated to, and have not made any commitment for payment of the Bonds or other obligations of the District, and any description of their financing arrangements or financial condition described herein should not be construed as an implication to that effect. Green Brick has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time. Further, the Developer’s financial condition is subject to change at any time.

As of June 1, 2024, Green Brick owned 0 completed homes, 0 homes under construction, and 0 vacant developed lots. However, Green Brick has transferred title to a wholly owned subsidiary (Trophy Signature Homes) and Trophy Signature Homes owned 13 completed homes, 45 homes under construction, and 154 vacant developed lots within the District as of June 1, 2024.

- Meritage -

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

New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

While MHC may provide internal financing to its subsidiaries, including Meritage, it is not in any way responsible for the payment of taxes to the District or for the payment of interest and principal on the Bonds. Neither Meritage nor MHC have made any commitment to pay debt service on the Bonds, and reference to the financial information of MHC in this Official Statement should not be so construed. Meritage is not responsible for, liable for, obligated to, and have not made any commitment for payment of the Bonds or other obligations of the District, and any description of their financing arrangements or financial condition described herein should not be construed as an implication to that effect. Meritage has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time.

As of June 1, 2024, Meritage owned 10 completed homes, 66 homes under construction, and 3 vacant developed lots within the District.

Agricultural Waiver

On November 28, 2023 and November 30, 2023, Meritage and Greenbrick, respectively, executed a Waiver of Special Appraisal affecting all land within the District, which was recorded in the real property records of Collin County and is a covenant running with the land, waiving the right to have undeveloped land located within the District classified as agricultural, open-space or timberland. In addition, such agreement waives the right of the Developers to have its lots and houses (if any) classified as business inventory. Such agreement may not be modified without approval of the TCEQ and is binding on purchasers of such land 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 Developer, 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, sewer, 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.

Water and Wastewater System

Copeville Special Utility District ("Copeville SUD") holds the water CCN for the land included in the District. Copeville SUD receives water from North Texas Municipal Water District through a wholesale water agreement dated August 3, 1998. Through a Non Standard Service Agreement ("NSSA") between Copeville SUD, TCCI Land Development, and Lakehaven Farmersville, LLC dated May 26, 2021, Copeville SUD agrees to reserve and dedicate 2,000 living unit equivalents of capacity to provide water service to the property within the District. This NSSA was assigned to Green Brick and Meritage via an assignment dated May 28, 2021. The NSSA outlines

developer funded utility improvement requirements necessary to fulfill Copeville SUDs commitment to providing water service.

The District obtains water supply from Copeville SUD who purchases water from North Texas Municipal Water District.

The wastewater generated by the development within the District will flow by gravity through internal sanitary sewer lines to a Wastewater Treatment Plant within the Lakehaven subdivision owned by the City of Farmersville.

Based on the First Amended and Restated Agreement Relating to the Creation and Operation of Lakehaven MUD between the City of Farmersville, the District, and Lakehaven Farmersville, LLC dated May 11, 2021, the construction of a Wastewater Treatment Plant is required in order to provide wastewater service to the District. The City of Farmersville is the wastewater provider and is the permit holder for a 0.5 MGD TPDES Permit No. WQ0014778001. Per the agreement, the District may utilize up to 0.5 MGD of capacity.

The First Amendment to the above agreement, effective October 27, 2022, between the City of Farmersville, the District, Meritage, and Green Brick, outlines that parties have agreed to build a permanent Wastewater Treatment Plant. The Wastewater Treatment Plant will have a first phase including headworks with a capacity of 500,000 GPD while the remainder of the wastewater treatment facilities will support a minimum capacity of 0.25 MGD. These improvements are currently in construction with an anticipated completion date of August 2024 which will provide 0.25 MGD of capacity to the District. Until this phase is complete and there is sufficient flow within the district to operate the facility, the District will allow for pump and haul of wastewater. The second phase of the Wastewater Treatment Plant is currently in design and is anticipated to be fully bid in the last quarter of 2024.

Drainage System

The storm water runoff within the District will be directed within the streets via curb and gutters to collector lines provided by the District. The storm water collection system will be designed to convey the 100-year storm within a pipe system to interior drainage ponds which in turn will convey flow to existing drainage courses. The interior drainage ponds throughout the District are intended to capture onsite flows, mitigate flooding within the development limits, and allow for a controlled release into existing drainage course including Elm Creek Tributary 1, the culverts under County Road 550, and unnamed tributaries on the southwest corner, northwest corner, and western property boundary. All storm improvements will be accepted by the District.

Road System

Construction of the roads within the boundaries of the District has been financed with funds advanced by the Developers. Roadways within the District are constructed of reinforced concrete with curbs on lime-stabilized subgrade. Roads vary in width but are sized to accommodate the anticipated traffic demands of the full build-out of the project. The District owns and maintains the roads constructed within the District.

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. Approximately 45 acres of the District lie within the Federal Emergency Management Agency (herein defined as “FEMA”) 100-year flood plain. This acreage has been planned for green space and will not be utilized for residential development in Lakehaven Phase 1 and 2.

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.

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 "- Estimated Use and Distribution of Proceeds of the Bonds"), "TAX PROCEDURES," "THE DISTRICT - General," and "- Management of the District - Bond Counsel and General Counsel," "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 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 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 Bond Order contains 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”) may be 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”) may be 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”). “

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the section titled “SELECTED FINANCIAL INFORMATION,” “DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement,” “DISTRICT DEBT – Debt Service Requirement Schedule,” “TAX DATA,” and “APPENDIX A – Financial Statements of the District.” 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 2024. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”). 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 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 June 30. Accordingly, it must provide updated information by the last day of December of 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 security holders, 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. 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 Rule 15c2-12, taking into account any amendments or interpretations of 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 Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of 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 Rule 15c2-12.

Compliance with Prior Undertakings

The District has not yet issued bonded indebtedness, and, as such, the District has not previously entered into a continuing disclosure agreement pursuant to Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, 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 June 30, 2023, 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 the Engineer. Such information has been included herein in reliance upon the authority of said firm as an 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 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 appropriate officials 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 was approved by the Board of Directors of Lakehaven Municipal Utility District of Collin County as of the date shown on the first page thereof.

/s/ Dean Dumke
President, Board of Directors
Lakehaven Municipal Utility District of Collin County

ATTEST:

/s/ Guymon Phillips
Secretary, Board of Directors
Lakehaven Municipal Utility District of Collin County

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT
OF COLLIN COUNTY**

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT
OF COLLIN COUNTY**

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lakehaven Municipal Utility
District of Collin County
Collin County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Lakehaven Municipal Utility District of Collin County (the "District"), as of and for the year ended June 30, 2023, 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 major fund of the District as of June 30, 2023, 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
Lakehaven Municipal Utility
District of Collin County

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 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 13, 2023

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Management’s discussion and analysis of Lakehaven Municipal Utility District of Collin County (the “District”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all 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 year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for property tax revenues, developer advances, operating costs and general expenditures.

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$250,364 as of June 30, 2023. This is the District’s first audit. In future years a comparative analysis of government-wide changes in net position will be presented. The following table provides a summary of the Statement of Net Position for the year ended June 30, 2023:

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of the Statement of Net Position
	2023
Current and Other Assets	\$ 2,681
Intangible Assets (Net of Accumulated Amortization)	3,897,000
Capital Assets (Net of Accumulated Depreciation)	9,282,528
Total Assets	\$ 13,182,209
Due to Developer	\$ 13,415,819
Other Liabilities	16,754
Total Liabilities	\$ 13,432,573
Net Position:	
Net Investment in Capital Assets	\$ (50,161)
Unrestricted	(200,203)
Total Net Position	\$ (250,364)

The following table provides a summary of the District's operations for the year ended June 30, 2023, which is the initial audit period for the District:

	Summary of the Statement of Activities
	2023
Revenues:	
Property Taxes	\$ 27,287
Other Revenues	138
Total Revenues	\$ 27,425
Expenses for Services	146,966
Change in Net Position	\$ (119,541)
Net Position, Beginning	(130,823)
Net Position, Ending	\$ (250,364)

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance decreased by \$6,247, primarily due to operating costs exceeding property tax revenues and developer advances.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of June 30, 2023, total \$9,282,528 and include paving and drainage infrastructure which the District will be responsible for maintaining. Additional information on the District's capital assets can be found in Note 5 of this report.

<u>Capital Assets At Year-End, Net of Accumulated Depreciation</u>	
	2023
Capital Assets, Net of Accumulated	
Depreciation:	
Paving	\$ 7,231,021
Drainage	2,051,507
Total Net Capital Assets	\$ 9,282,528

Additionally, the District entered into agreements (see Note 9 and Note 10) with Copeville Special Utility District ("SUD") and the City of Farmersville (the "City") whereby water facilities and wastewater facilities constructed within the District will be conveyed to the SUD and the City, respectively, for operation and maintenance for the benefit of District residents. As of June 30, 2023, intangible assets constructed and conveyed to the SUD and City totaled \$3,897,000 (net of accumulated amortization).

LONG-TERM DEBT

The District has no outstanding long-term debt as of June 30, 2023.

As of June 30, 2023, the District has recorded an amount due to Developer of \$13,415,819 which consist of advances for operating and capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$9 more than budgeted revenues and actual expenditures were \$4,288 less than budgeted expenditures. Developer advances of \$63,133, were \$4,782 less than budgeted. This resulted in a negative budget variance of \$485. See the budget to actual comparison for more information.

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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 Lakehaven Municipal Utility District of Collin County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2023

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 1,674	\$	\$ 1,674
Investments	7		7
Prepaid Costs	1,000		1,000
Intangible Assets - Right to Receive Service (Net of Accumulated Amortization)		3,897,000	3,897,000
Capital Assets (Net of Accumulated Depreciation)		9,282,528	9,282,528
TOTAL ASSETS	\$ 2,681	\$ 13,179,528	\$ 13,182,209
LIABILITIES			
Accounts Payable	\$ 16,754	\$	\$ 16,754
Due to Developer		13,415,819	13,415,819
TOTAL LIABILITIES	\$ 16,754	\$ 13,415,819	\$ 13,432,573
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 1,000	\$ (1,000)	\$
Unassigned	(15,073)	15,073	
TOTAL FUND BALANCE	\$ (14,073)	\$ 14,073	\$ -0-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,681		
NET POSITION			
Net Investment in Capital Assets		\$ (50,161)	\$ (50,161)
Unrestricted		(200,203)	(200,203)
TOTAL NET POSITION		\$ (250,364)	\$ (250,364)

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

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Fund	\$	(14,073)
--	----	----------

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

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		13,179,528
--	--	------------

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

Due to Developer		<u>(13,415,819)</u>
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Total Net Position - Governmental Activities	\$	<u><u>(250,364)</u></u>
--	----	-------------------------

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

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 27,287		\$ 27,287
Investment and Miscellaneous Revenues	138		138
TOTAL REVENUES	\$ 27,425	\$ - 0 -	\$ 27,425
 EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 71,762	\$	\$ 71,762
Contracted Services	12,173		12,173
Amortization		21,711	21,711
Depreciation		28,450	28,450
Other	12,870		12,870
TOTAL EXPENDITURES/EXPENSES	\$ 96,805	\$ 50,161	\$ 146,966
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (69,380)	\$ (50,161)	\$ (119,541)
 OTHER FINANCING SOURCES (USES)			
Developer Advances	\$ 63,133	\$ (63,133)	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (6,247)	\$ 6,247	\$
CHANGE IN NET POSITION		(119,541)	(119,541)
FUND BALANCE(DEFICIT)/NET POSITION - JULY 1, 2022	(7,826)	(122,997)	(130,823)
FUND BALANCE(DEFICIT)/NET POSITION - JUNE 30, 2023	\$ (14,073)	\$ (236,291)	\$ (250,364)

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

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Governmental Fund	\$	(6,247)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital and intangible assets are depreciated and amortized, and the depreciation and amortization expense is recorded in the Statement of Activities.		(50,161)
--	--	----------

Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.		(63,133)
--	--	----------

Change in Net Position - Governmental Activities	\$	(119,541)
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The accompanying notes to the financial statements are an integral part of this report.

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LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. CREATION OF DISTRICT

Lakehaven Municipal Utility District of Collin County (the “District”) was created by an order of the Texas Commission on Environmental Quality (the “Commission”), effective January 6, 2014, in accordance with the Texas Water Code, Chapters 49 and 54. The District is empowered to purchase, operate, and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, and construct roads for the residents of the District. The Board of Directors held its first meeting on November 6, 2017.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, and intangible assets net of accumulated depreciation and amortization 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's the District's policy to use restricted resources first.

Government-Wide Financial Statements

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

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

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

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Fund

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

General Fund - To account for property tax revenues, developer advances, operating costs and general expenditures.

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

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Intangible Assets

Capital assets include road and drainage infrastructure which are reported in the government-wide Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. 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 if they have an original cost greater than \$5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 45 years.

Intangible assets include the cost of water facilities constructed within the District which are conveyed to Copeville Special Utility District for operation and maintenance and the cost of wastewater facilities constructed within the District which are conveyed to the City of Farmersville. Intangible assets are amortized using the straight-line method over 45 years.

Budgeting

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

Pensions

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

Measurement Focus

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

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any restricted fund balances.

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

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.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3. LONG-TERM DEBT

As of June 30, 2023, the District had authorized but unissued bonds in the amount of \$180,000,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, \$94,500,000 for road facilities, \$270,000,000 for the purpose of refunding water, sewer and drainage facilities bonds and \$141,750,000 for the purpose of refunding road bonds.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,674 and the bank balance was \$2,151. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position as of June 30, 2023, as listed below:

GENERAL FUND	Cash
	\$ 1,674

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.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4. DEPOSITS AND INVESTMENTS

Investments (Continued)

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. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

As of June 30, 2023, 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	<u>\$ 7</u>	<u>\$ 7</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2023, the District’s investment in LOGIC was rated AAAM 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 maturities of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there have been significant changes in values.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets owned and maintained by the District include paving and drainage infrastructure. Capital asset activity for the year ended June 30, 2023, is as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Capital Assets Subject to Depreciation				
Paving	\$	\$ 7,248,042	\$	\$ 7,248,042
Drainage		2,062,936		2,062,936
Total Capital Assets Subject to Depreciation	<u>\$ -0-</u>	<u>\$ 9,310,978</u>	<u>\$ - 0 -</u>	<u>\$ 9,310,978</u>
Accumulated Depreciation				
Paving	\$	\$ 17,021	\$	\$ 17,021
Drainage		11,429		11,429
Total Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ 28,450</u>	<u>\$ - 0 -</u>	<u>\$ 28,450</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ -0-</u></u>	<u><u>\$ 9,282,528</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 9,282,528</u></u>

Developers have financed the construction of water facilities and wastewater facilities which serve District residents. These facilities have been conveyed to the Copeville Special Utility District or the City of Farmersville in accordance with the agreements (see Notes 9 and 10). In exchange for conveyance of these assets, each entity agrees to provide service to residents of the District. Intangible asset activity for the year ended June 30, 2023, is as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Intangible Assets Subject to Amortization				
Water/Wastewater System	\$ -0-	\$ 3,918,711	\$ -0-	\$ 3,918,711
Accumulated Amortization				
Water/Wastewater System	\$ -0-	\$ 21,711	\$ -0-	\$ 21,711
Total Intangible Assets, Net of Accumulated Amortization	<u><u>\$ -0-</u></u>	<u><u>\$ 3,897,000</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 3,897,000</u></u>

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6. MAINTENANCE TAX

On May 1, 2021, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2023, the District levied an ad valorem maintenance tax rate of \$1.20 per \$100 of assessed valuation, which resulted in a tax levy of \$27,287 on the adjusted taxable valuation of \$2,273,930 for the 2022 tax year.

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 7. RISK MANAGEMENT

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

NOTE 8. UNREIMBURSED COSTS

The District has entered into financing agreements with the Developer which calls for the Developer to fund operating advances as well as costs associated with the construction of roads, water, wastewater, and drainage infrastructure. The District has an obligation to reimburse the Developer for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs

Due to Developers, July 1, 2022	\$ 122,997
Add: Current Year Additions	<u>13,292,822</u>
Due to Developers, June 30, 2023	<u><u>\$ 13,415,819</u></u>

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. WATER SERVICE CONTRACT

Pursuant to a Non-Standard Water Utility Service Contract between Copeville Special Utility District (“SUD”) and the Developer, dated May 27, 2021, the SUD agreed to provide retail water utility service to the District and reserve and dedicate 2,000 Living Unit Equivalents of capacity in its system to provide for the complete build-out of the District. The SUD purchases wholesale water from the North Texas Municipal Water District (“NTMWD”). The Developer is responsible for making off-site water improvements consisting of 12-inch waterlines connecting to a NTMWD treated water pipeline with a 500,000 gallon ground storage tank.

NOTE 10. WASTEWATER SERVICES AGREEMENT

Pursuant to a First Amended and Restated Agreement Relating to Creation and Operation of the District dated May 11, 2021, the City of Farmersville (the “City”) will construct and operate a wastewater treatment plant along with collection and treatment facilities (the “Sewer Facilities”), providing service to the District. The costs of the Sewer Facilities will be borne by the City. The District will be subject to capital recovery fees. The Commission approved a wastewater treatment permit for the treatment of 500,000 gallons per day of wastewater. A lease agreement has been executed with AUC Group for the installation of a fully operable temporary wastewater treatment facility with a capacity of 125,000 gallons per day that will be capable of delivering service in initial phases in the fiscal year ending June 30, 2024 while construction of the permanent plant proceeds.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 27,287	\$ 27,287	\$
Investment and Miscellaneous Revenues	<u>129</u>	<u>138</u>	<u>9</u>
TOTAL REVENUES	<u>\$ 27,416</u>	<u>\$ 27,425</u>	<u>\$ 9</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 75,686	\$ 71,762	\$ 3,924
Contracted Services	12,221	12,173	48
Other	<u>13,186</u>	<u>12,870</u>	<u>316</u>
TOTAL EXPENDITURES	<u>\$ 101,093</u>	<u>\$ 96,805</u>	<u>\$ 4,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (73,677)</u>	<u>\$ (69,380)</u>	<u>\$ 4,297</u>
OTHER FINANCING SOURCES(USES)			
Developer Advances	<u>\$ 67,915</u>	<u>\$ 63,133</u>	<u>\$ (4,782)</u>
NET CHANGE IN FUND BALANCE	\$ (5,762)	\$ (6,247)	\$ (485)
FUND BALANCE(DEFICIT) - JULY 1, 2022	<u>(7,826)</u>	<u>(7,826)</u>	<u></u>
FUND BALANCE(DEFICIT) - JUNE 30, 2023	<u>\$ (13,588)</u>	<u>\$ (14,073)</u>	<u>\$ (485)</u>

See accompanying independent auditor's report.

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LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2023

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2023**

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Collin County, Texas

Is the District located within a city?

Entirely Partly Not at all X

Is the District located within a City's extra territorial jurisdiction (ETJ):

Entirely X Partly Not at all

ETJ in which District is located:

City of Farmersville, Texas.

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

PROFESSIONAL FEES:	
Engineering	\$ 8,650
Legal	<u>63,112</u>
TOTAL PROFESSIONAL FEES	<u>\$ 71,762</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 184
Bookkeeping	11,486
Tax Collector	<u>503</u>
TOTAL CONTRACTED SERVICES	<u>\$ 12,173</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 8,720
Insurance	3,069
Travel, Training and Meetings	<u>1,081</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 12,870</u>
TOTAL EXPENDITURES	<u><u>\$ 96,805</u></u>

See accompanying independent auditor's report.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
INVESTMENTS
JUNE 30, 2023

<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	XXXX9001	Varies	Daily	<u>\$ 7</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023**

	Maintenance Taxes	
TAXES RECEIVABLE -		
JULY 1, 2022	\$ -0-	
Adjustments to Beginning		
Balance	_____	\$ -0-
Original 2022 Tax Levy	\$ 27,287	
Adjustment to 2022 Tax Levy	_____	27,287
TOTAL TO BE		
ACCOUNTED FOR		\$ 27,287
 TAX COLLECTIONS:		
Prior Years	\$ -0-	
Current Year	27,287	27,287
 TAXES RECEIVABLE -		
JUNE 30, 2023		\$ -0-

See accompanying independent auditor's report.

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**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023**

	2022
PROPERTY VALUATIONS:	
Land	\$ 2,273,930
TAX RATES PER \$100 VALUATION:	
Maintenance	\$ 1.20
ADJUSTED TAX LEVY*	\$ 27,287
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	
	100.00 %

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

Maintenance Tax – A rate not to exceed \$1.20 per \$100 of assessed valuation approved by voters on May 1, 2021.

See accompanying independent auditor’s report.

**LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2023**

District Mailing Address - Lakehaven Municipal Utility District of Collin County
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 <u>Appointed</u>)	Fees of Office for the year ended <u>June 30, 2023</u>	Expense Reimbursements for the year ended <u>June 30, 2023</u>	<u>Title</u>
Dean Dumke	05/22 05/26 (Elected)	\$ 1,800	\$ 369	President
Andrew Prine	05/22 - 05/26 (Elected)	\$ 1,500	\$ 77	Vice President
Guymon Phillips	04/22 05/26 (Appointed)	\$ 1,800	\$ 187	Secretary
Stephen Pepper	06/21 05/24 (Appointed)	\$ 1,500	\$ 292	Assistant Secretary
Daniella Giglio	05/22 05/24 (Appointed)	\$ 1,500	\$ 157	Assistant Secretary

Note: 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 developer or with any of the District’s consultants.

Submission date of most recent District Registration Form: May 13, 2022

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

See accompanying independent auditor’s report.

LAKEHAVEN MUNICIPAL UTILITY DISTRICT OF COLLIN COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2023</u>	<u>Title</u>
Winstead PC	07/01/21	\$ 63,112	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/13/23	\$ -0-	Auditor
Dye & Toverly, LLC	08/10/22	\$ 11,486	Bookkeeper
Robert W. Baird & Co.	10/30/19	\$ -0-	Financial Advisor
Kimley-Horn & Associates, Inc.	06/30/21	\$ 8,650	Engineer
Kathi Dye		\$ -0-	Investment Officer
Collin County Tax Assessor-Collector	05/23/22	\$ 503	Tax Assessor/ Collector

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