OFFICIAL STATEMENT DATED January 14, 2025

This Official Statement is subject to completion and amendment, and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL (DEFINED HEREIN), THE BONDS ARE VALID OBLIGATIONS OF COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3 AND, UNDER THE STATUTES, REGULATIONS PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS" HEREIN.

THE BONDS WILL NOT BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-BOOK-ENTRY-ONLY

Rating: Moody's: "A1" AG Insured / "Baa1" Underlying
S&P: "AA" AG Insured
(see "BOND INSURANCE" herein)

$9,170,000
COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
(A political subdivision of the State of Texas located within Collin County)
UNLIMITED TAX ROAD BONDS
SERIES 2025

Dated: January 15, 2025 — Due: September 15, as shown below

The $9,170,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds") are obligations solely of Collin County Water Control and Improvement District No. 3 (the "District") and are not obligations of the State of Texas, Collin County, Texas, the Town of St. Paul, Texas, the City of Lucas, Texas, the City of Wylie, Texas, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will 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. INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from January 15, 2025 (the "Dated Date"), and is payable on each March 15 and September 15, commencing September 15, 2025, until maturity or prior redemption. The Bonds will be issued only in fully registered form in principal denominations of $5,000 or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

CUSIP Prefix: 194749(c)

Principal Amount	Maturity (Sept. 15)(a)	Interest Rate	Initial Yield(b)	CUSIP Suffix(c)	Principal Amount	Maturity (Sept. 15)(a)	Interest Rate	Initial Yield(b)	CUSIP Suffix(c)
****	2025	****	****	****	$340,000	2038 (a)	4.000%	4.160%	MZ7
****	2026	****	****	****	345,000	2039 (a)	4.000%	4.220%	NA1
****	2027	****	****	****	355,000	2040 (a)	4.000%	4.270%	NB9
****	2028	****	****	****	375,000	2041 (a)	4.000%	4.320%	NC7
****	2029	****	****	****	390,000	2042 (a)	4.125%	4.370%	ND5
****	2030	****	****	****	395,000	2043 (a)	4.125%	4.420%	NE3
280,000	2031 (a)	4.000%	3.650%	MS3	410,000	2044 (a)	4.250%	4.470%	NF0
290,000	2032 (a)	4.000%	3.700%	MT1	425,000	2045 (a)	4.250%	4.510%	NG8
295,000	2033 (a)	4.000%	3.750%	MU8	445,000	2046 (a)	4.250%	4.540%	NH6
300,000	2034 (a)	4.000%	3.800%	MV6	465,000	2047 (a)	4.250%	4.560%	NJ2
310,000	2035 (a)	4.000%	3.900%	MW4	490,000	2048 (a)	4.250%	4.580%	NK9
320,000	2036 (a)	4.000%	4.000%	MX2	510,000	2049 (a)	4.250%	4.600%	NL7
330,000	2037 (a)	4.000%	4.080%	MY0	535,000	2050 (a)	4.250%	4.620%	NM5

$1,565,000 7.000% Term Bonds due September 15, 2030 (a)(d) at a Price of 109.144% to Yield 5.099%(b) - CUSIP No.(c) MR5

(a) Bonds maturing on and after September 15, 2031, are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time in part, on September 15, 2030, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. 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. Accrued interest is to be added to the price.

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter (defined below) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(d) Subject to mandatory sinking fund redemption See "THE BONDS – Redemption Provisions – Mandatory Redemption

The scheduled payment of principal 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 Assured Guaranty Inc. See "BOND INSURANCE" herein."

The Bonds are offered by the winning bidder for the Bonds (the "Initial Purchaser" or "Underwriter") subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose P.C., Dallas, Texas, Bond Counsel. Certain legal matters will be reviewed by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel to the District. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about February 12, 2025.

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof ("Rule 15c2-12"), this document constitutes an "official statement" with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

All of the summaries of the statutes, resolutions, orders, contracts, 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 Coats Rose P.C., 16000 North Dallas Parkway, Suite 350, Dallas, Texas 75248.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the 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 this Official Statement until delivery of the Bonds to the Underwriter (as herein defined) and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") paying the interest rates shown on the cover page hereof, at a price of 97.073482% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.454395%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter 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.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price 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.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other 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 shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Service, Inc. ("Moody's") are expected to assign a municipal bond rating of "AA" (stable outlook) and "A1" (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AG. The Bonds are also rated "Baa1" by Moody's Investors Service ("Moody's") without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

Municipal Bond Insurance

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "Bond Insurance" and "Appendix B - Specimen Municipal Bond Insurance Policy".

(Continues on following page)

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the 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 the entire Official Statement and of the documents summarized or described therein.

THE DISTRICT

Description... In an order dated March 15, 2011, the Texas Commission on Environmental Quality (the "TCEQ"), pursuant to a Petition of Lavon 593 Land Investment Partners, L.P., granted the creation of Collin County Water Control and Improvement District No. 3 (the "District"). The District was granted road powers by Senate Bill 1852 (2013), codified at Chapter 9043, Texas Special District Local Laws Code. The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article 16, Section 59 and Article 3, Section 52 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended. The District currently contains approximately 705 acres of land. See "THE BONDS—General" and "THE DISTRICT."

Location... The District is located approximately 28 miles north of the central downtown business district of the City of Dallas, Texas. The District is not located within the corporate limits of any municipality, however portions of the District are located partially within the extraterritorial jurisdictions of the Town of St. Paul, Texas, City of Lucas, Texas, and the City of Wylie, Texas. The District is within the boundary of the Wylie Independent School District ("Wylie ISD"). The District is located along Parker Road near Lake Lavon, adjacent to the Town of St. Paul, Texas.

The Developer... The developer of the Phase 1 and 2 land within the District is HC Inspiration One, LLC ("HC Inspiration"), a Texas limited liability company, which was created to own and develop Phase 1 and 2 of the property within the District. The developer of the Phase 3, 4, 4B and 5A-1 land within the District is St. Paul Inspiration, LLC ("St. Paul Inspiration"), which was created to own and develop Phases 3, 4 and 5A-1 of the property within the District. The developer of the Phase 5A-2, 5A-3, 5B, 6, 7A, 7B and 8A land within the district is Lavon Development, LLC ("Lavon Development"). The developer of the Phase 8B land within the district is HC Highpoint, LLC ("HC Highpoint"). The developer of the Phase 9 land within the district is Inspiration Nine, LLC ("Inspiration Nine"). The developer of the Phase 10 land, previously owned by Inspiration West, LLC ("Inspiration West"), within the district is HC Highpoint, on behalf of First Texas Homes, Inc. and Ashton Dallas Residential, LLC (homebuilders who have purchased the undeveloped lots of Phase 10).

HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine, and Inspiration West are controlled by entities affiliated with Phillip Huffines and Don Huffines. Development and management tasks of the property owned by HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine, and Inspiration West are carried out through employees of Huffines Management Partners, LP, a Texas limited partnership, which is part of a group of entities doing business under the name "Huffines Communities" ("Huffines"). Phillip Huffines and Don Huffines control Huffines. HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine, Inspiration West, and Huffines and their affiliates are collectively referred to herein as the Huffines Entities (the "Huffines Entities"). See "THE DEVELOPER."

Status of Development... The District is being developed as Inspiration, a predominantly single-family residential development ("Inspiration"). Completed development currently consists of approximately 705 acres of Inspiration, Phase 1A-1, Phase 1A-2, Phase 1B, Phase 2A, Phase 2B, Phase 3A, Phase 3B-1, Phase 3B-2, Phase 3B-3, Phase 3C, Phase 4A, Phase 4B, Phase 5A-1, Phase 5A-2, Phase 5A-3, Phase 5B, Phase 6, Phase 7A, Phase 7B, Phase 8A, Phase 8B, Phase 9 and Phase 10

(2,172 single-family residential lots and approximately 102 acres of open space). In addition, there is a 7.6 acre "Club Inspiration" resort style swimming complex, clubhouse, fitness and event center, a separate 1.2 acre resort style swimming complex and clubhouse and a 10 acre school site, upon which George Bush Elementary (Wylie ISD) opened in August 2016. As of November 1, 2024, there were 1,851 completed single-family homes (1,751 occupied, 5 model homes, 12 completed and unoccupied, 83 new homes under construction and 321 vacant developed lots available for home construction). See "THE DISTRICT—Land Use—Status of Development."

Homebuilders… Homebuilding in the District is being conducted by: First Texas Homes, Inc.; Ashton Dallas Residential, LLC, dba Ashton Woods Homes; Brightland Homes, Ltd. (formerly Gehan Homes, Ltd.); Shaddock Homes, Ltd., d/b/a Saxony Homes; and Castlerock Communities L.P., d/b/a Mercury Homes and various custom builders. The contracts for sale of lots between HC Inspiration and its builders, St. Paul Inspiration and its builders, Lavon Development and its builders, Inspiration Nine and its builders and HC Highpoint and its builders, require that earnest money be deposited with a title company and establish certain required purchases on a fixed schedule. HC Inspiration's, St. Paul Inspiration's, Lavon Development's, Inspiration Nine's, and HC Highpoint's sole remedies for homebuilders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of earnest money. All of the builders are current with lot takedown requirements.

(Continues on following page)

THE BONDS

Description...	$9,170,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds") are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds to be adopted at the date of the sale of the Bonds by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature on the dates and in the principal amounts and pay interest at the rates shown on the cover page hereof. The Bonds will be issued in book-entry form only in principal denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from January 15, 2025 and is payable on September 15, 2025, and on each September 15 and March 15 thereafter until the earlier of maturity or redemption. See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on and after September 15, 2031 are subject to redemption in whole or from time to time in part, at the option of the District, prior to their maturity dates on September 15, 2030, and on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay for roads, improvements in aid thereof, and other related costs, including land costs and engineering fees, as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay interest on funds advanced by the Developer on behalf of the District; and pay certain other costs related to the issuance of the Bonds.
Authority for Issuance...	The Bonds are issued pursuant to the Bond Order, the Texas Constitution and the general laws of the State of Texas, Chapter 9043, Texas Special District Local Laws Code, and an election held within the boundaries of the District. See "THE BONDS—Authority for Issuance."
Source of Payment...	Principal of and interest on the Bonds are 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. The Bonds are obligations of the District and are not obligations of the Town of St. Paul, Texas, the City of Lucas, Texas, the City of Wylie, Texas, Collin County, Texas, the State of Texas or any entity other than the District. See "THE BONDS—Source and Security for Payment."
Outstanding Bonds...	The Bonds are the District's eighth series of unlimited tax road bonds. The District has previously issued its $5,110,000 Unlimited Tax Road Bonds, Series 2015, $6,070,000 Unlimited Tax Road Bonds, Series 2016, $4,695,000 Unlimited Tax Road Bonds, Series 2017, $7,100,000 Unlimited Tax Road Bonds, Series 2018, $11,895,000 Unlimited Tax Road Bonds, Series 2020, $11,785,000 Unlimited Tax Road Bonds, Series 2022 and $2,820,000 Unlimited Tax Road Bonds, Series 2023 which together are currently outstanding in the aggregate principal amount of $43,510,000 (the "Outstanding Road Bonds") and its $4,700,000 Unlimited Tax Utility Bonds, Series 2017, $11,000,000 Unlimited Tax Utility Bonds, Series 2019, $12,440,000 Unlimited Tax Utility Bonds, Series 2021 and $14,170,000 Unlimited Tax Utility Bonds, Series 2023 currently outstanding in the principal amount of $38,345,000 (the "Outstanding Utility Bonds", and together with the Outstanding Road Bonds, the "Outstanding Bonds").
Payment Record...	The District has never defaulted in the payment of its tax supported debt. See "THE BONDS—Authority for Issuance."
NOT Qualified Tax-Exempt Obligations...	The District will <u>not</u> designate the Bonds as "qualified tax-exempt obligations."
Municipal Bond Rating…	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Service, Inc. ("Moody's") are expected to assign a municipal bond rating of "AA" (stable outlook) and "A1" (stable outlook), respectively, to this issue of Bonds

with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AG. The Bonds are also rated "Baa1" by Moody's Investors Service ("Moody's") without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

Municipal Bond Insurance… Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "Bond Insurance" and "Appendix C - Specimen Municipal Bond Insurance Policy".

Bond Counsel... Coats Rose, P.C., Dallas, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS" and "TAX MATTERS."

General Counsel... Coats Rose, P.C., Dallas, Texas. See "MANAGEMENT OF THE DISTRICT."

Disclosure Counsel... Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial Advisor… Hilltop Securities Inc., Dallas, Texas.

Paying Agent/Registrar... Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

(Continues on following page)

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Certified Net Taxable Assessed Valuation	\$ 998,689,649 (1)
Direct Debt	
Outstanding Bonds (combined road and utility bonds) as of January 1, 2025	\$ 81,855,000
The Bonds	9,170,000
Direct Debt Outstanding as of January 1, 2025	\$ 91,025,000
Estimated Overlapping Debt	\$ 63,416,392 (2)
Total Gross Direct Debt and Estimated Overlapping Debt	\$ 154,441,392
Ratio of Gross Direct Debt to:	
2024 Certified Net Taxable Assessed Valuation	9.11%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2024 Certified Net Taxable Assessed Valuation	15.46%
Average Combined Annual Debt Service Requirement (2025-2050)	\$ 4,972,303 (3)
Maximum Combined Annual Debt Service Requirement (2025)	\$ 5,787,117 (3)
Tax Rate Required to Pay Average Combined Annual Debt Service on the Outstanding Bonds and the Bonds (2025-2050) at a 98% Collection Rate Based upon 2024 Certified Net Taxable Assessed Valuation	\$ 0.5080
Tax Rate Required to Pay Maximum Combined Annual Debt Service on the Outstanding Bonds and the Bonds (2025) at a 98% Collection Rate Based upon 2024 Certified Net Taxable Assessed Valuation	\$ 0.5913
2024 Tax Rates	
Road Bonds Debt Service	\$ 0.3664
Utility Bonds Debt Service	0.3466
Maintenance and Operations	0.2062
Total	\$ 0.9192
General Fund Balance as of December 10, 2024	\$ 2,861,919
Road Bond Debt Service Fund Balance as of December 10, 2024	\$ 2,311,380 (4)
Utility Bond Debt Service Fund Balance as of December 10, 2024	\$ 1,974,986 (5)
Status of Estimated Home Construction as of 11/1/2024 (6)	
Single Family Homes Completed and Occupied	1,751
Single Family Homes Completed - Models	5
Single Family Homes Completed and Unoccupied	12
Single Family Homes Under Construction	83
Total	1,851
Status of Lot Production and Ownership as of 11/1/2024 (6)	
Developed Lots Owned by Developer	16
Developed Lots Owned by Homebuilders	405
Developed Lots Owned by Homeowners	1,751
Total	2,172

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(1) Certified estimate provided by the Collin Central Appraisal District (the "Appraisal District") on July 22, 2024. Includes the Appraisal District's \$26,680,728 certified estimate of \$30,505,036 taxable value under protest as of Tax Year 2024 certification.

(2) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Overlapping Debt and Taxes."

(3) This includes the Outstanding Bonds and the Bonds.

(4) Any funds in the Road Bond Debt Service Fund are pledged only to pay the debt service on the Bonds, the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Road Bond Debt Service Fund. In addition, upon closing and delivery of the Bonds, accrued interest on the Bonds from January 15, 2025 will be deposited into the Road Bond Debt Service Fund (as defined herein).

(5) Any funds in the Utility Bond Debt Service Fund (herein defined) are pledged only to pay the debt service on the Outstanding Utility Bonds and any additional utility bonds. Neither Texas law nor the orders authorizing the issuance of the Outstanding Utility Bonds require the District to maintain any minimum balance in the Utility Bond Debt Service Fund.

(6) As reported by the Developer.

OFFICIAL STATEMENT

$9,170,000

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
(A political subdivision of the State of Texas located within Collin County)

**UNLIMITED TAX ROAD BONDS
SERIES 2025**

This Official Statement provides certain information in connection with the issuance by Collin County Water Control and Improvement District No. 3 (the "District") of its $9,170,000 Unlimited Tax Road Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including Chapters 49 and 51, of the Texas Water Code, as amended, Chapter 9043, Texas Special District Local Laws Code, an order authorizing the issuance of the Bonds (the "Bond Order"), to be adopted on the date of the sale of the Bonds by the Board of Directors of the District (the "Board"), and an election held within the District on November 5, 2013.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, HC Inspiration One, LLC ("HC Inspiration" or the "Developer") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Coats Rose, P.C., General Counsel, 16000 North Dallas Parkway, Suite 350, Dallas, Texas 75248.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. The Bond Order will authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and accrue interest from January 15, 2025, with interest payable on September 15, 2025, and on each September 15 and March 15 thereafter (each an "Interest Payment Date") until maturity or prior redemption. The Bonds mature on September 15 in each of the years and in the amounts, and accrue interest at the rates, shown on the cover page hereof. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on November 5, 2013, voters of the District authorized the issuance of $63,000,000 principal amount of unlimited tax bonds for purposes of providing road facilities and the Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution; Chapters 49 and 51, of the Texas Water Code, as amended, Chapter 9043, Texas Special District Local Laws Code and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Source and Security for Payment

The Bonds and any additional road bonds issued in the future, will be payable from and secured by a pledge of the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. The District also levies a separate annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District for the payment of its utility bonds, including the Outstanding Utility Bonds (hereinafter defined). Taxes collected and deposited to the Road Bond Debt Service Fund (defined herein) cannot be used to pay debt service on the Outstanding Utility Bonds or any future utility bonds. Likewise, taxes collected and deposited to the Utility Bond Debt Service Fund cannot be used to pay debt service on the Bonds, the Outstanding Road Bonds (as defined herein) or any future road bonds. See "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the Town of St. Paul, Texas, the City of Lucas, Texas, the City of Wylie, Texas, Collin County, Texas, the State of Texas or any political subdivision or entity other than the District.

Outstanding Bonds

The Bonds are the District's eighth series of unlimited tax road bonds. The District has previously issued its $5,110,000 Unlimited Tax Road Bonds, Series 2015, $6,070,000 Unlimited Tax Road Bonds, Series 2016, $4,695,000 Unlimited Tax Road Bonds, Series 2017, $7,100,000 Unlimited Tax Road Bonds, Series 2018, $11,895,000 Unlimited Tax Road Bonds, Series 2020, $11,785,000 Unlimited Tax Road Bonds, Series 2022 and $2,820,000 Unlimited Tax Road Bonds, Series 2023 which together are currently outstanding in the aggregate principal amount of $43,510,000 (the "Outstanding Road Bonds") and its $4,700,000 Unlimited Tax Utility Bonds, Series 2017, $11,000,000 Unlimited Tax Utility Bonds, Series 2019, $12,440,000 Unlimited Tax Utility Bonds, Series 2021 and $14,170,000 Unlimited Tax Utility Bonds, Series 2023 currently outstanding in the principal amount of $38,345,000 (the "Outstanding Utility Bonds", and together with the Outstanding Road Bonds, the "Outstanding Bonds").

Funds

The Bond Order creates a Series 2025 Road Capital Projects Fund (the "Construction Fund"). Accrued interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the fund created by the District to pay debt service on road bonds, including the Outstanding Road Bonds and the Bonds (the "Road Bond Debt Service Fund"). All remaining proceeds of the Bonds will be deposited in the Construction Fund or used to pay costs of issuance. The Road Bond Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds. Amounts on deposit in the Road Bond Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar (as herein defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds. The District also maintains a separate Utility Bond Debt Service fund for the payment of debt service on its Outstanding Utility Bond (the "Utility Bonds Debt Service Fund").

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 15, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 15, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District, provided that if fewer than all the Bonds within a particular maturity are redeemed at any time, the particular Bonds within each such maturity to be redeemed shall be selected by the Paying Agent/Registrar from the Bonds which have not previously been called for redemption, by lot or other customary method of random selection. However, if during any period in which ownership of the Bonds is determined only by a book entry at a securities depository, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected in accordance with arrangements between the District and the securities depository. See "BOOK-ENTRY-ONLY SYSTEM."

Mandatory Redemption: The Bonds maturing on September 15, 2030 (the "Term Bonds") are subject to mandatory sinking fund redemption in the amounts and at the price of par plus accrued interest to the redemption date on September 15 in the following years:

Term Bonds Due September 15, 2030

Redemption Date	Principal Amount
September 15, 2025	$335,000
September 15, 2026	$215,000
September 15, 2027	$235,000
September 15, 2028	$250,000
September 15, 2029	$260,000
September 15, 2030 (maturity)	$270,000

The Paying Agent/Registrar shall select by lot the Term Bonds within the applicable stated maturity to be redeemed. Any Term Bond not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the same maturity which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bond or portions thereof so redeemed shall no longer be regarded as outstanding except for purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, having a designated payment office in Houston, Texas, as the initial paying agent/registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the last day of the month (whether or not a business day) preceding such payment date.

Registration and Transfer

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Registered Owners' (defined herein) income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the bond register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be either a duly qualified and competent bank or trust company organized under the laws of the State of Texas.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) authorizes bonds of the District (including the Bonds) to be eligible as collateral for public funds.

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

Issuance of Additional Debt

The District expects to issue additional bonds to finance road and water, wastewater, and storm water drainage facilities as soon as feasible and from time-to-time in order to fully reimburse the Developer (defined herein) for advances made by the Developer to construct roads and water, wastewater, and storm water drainage facilities. The District's voters have authorized the issuance of a total of $87,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm water drainage facilities, and $63,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to one and one-half of the principal amount or $130,500,000 of water, wastewater and storm water drainage bonds previously issued by the District and unlimited tax refunding bonds in an amount equal to one and one-half of the principal amount or $94,500,000 of road bonds previously issued by the District. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have $4,355,000 of unlimited tax bonds authorized but unissued for road facilities and $44,690,000 unlimited tax bonds authorized but unissued for water, wastewater, and storm water drainage purposes. See "INVESTMENT CONSIDERATIONS—Future Debt."

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

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the three cities in whose extraterritorial jurisdiction the District is located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

Remedies in Event of Default

Texas law and the Bond Order provide that in the event 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 or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any registered owner ("Registered Owner(s)") shall be entitled at any time to seek 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 other rights the Registered Owners may be provided by the laws of the State of Texas.

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, obligations or conditions prescribed in the Bond Order, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and 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. Except for a mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. 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. Further, certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

Defeasance

The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon accrued to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Bonds. The Bond Order provides that "Defeasance Securities" means (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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Annexation

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any municipality comprises that municipality's extraterritorial jurisdiction ("ETJ"). The size of an ETJ depends in part on the municipality's population. With certain exceptions, a municipality may annex territory only within the confines of its ETJ. When a municipality annexes additional territory, the municipality's ETJ expands in conformity with such annexation. The District lies within the extraterritorial jurisdiction of the City of Lucas, Texas, the City of Wylie, Texas, and the Town of St. Paul, Texas (collectively, the "Cities"). As such, under existing law, the District may be annexed for full purposes by one of the Cities without the District's consent, subject to compliance by the one of the Cities with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is annexed, a city or town 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 a city or town is a policy-making matter within the discretion of the Mayor and City or Town Council, and therefore, the District makes no representation that the city or town will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the city of town to make debt service payments should annexation occur.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts governed by Chapter 51, Texas Water Code, as amended, and, in connection therewith, to provide for the consolidation of its assets, such as cash and the Utility and Road System, which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

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 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 and the Financial Advisor (defined herein) believe the source of such information to be reliable, but neither of the District nor the Financial Advisor take any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct Participants (defined herein), (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 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 requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 the District (or the Trustee on behalf thereof) 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 Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of 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 herein 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.

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds, and accrued interest due to the Developer. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

I. CONSTRUCTION COSTS		
1. Grading, Paving and Related Road Improvements to Serve Inspiration Phase 10 and Osage Lane	$	5,826,245
2. Right-of-Way Acquisition		1,946,125
3. Engineering, Inspection and Testing		388,202
TOTAL CONSTRUCTION COSTS	**$**	**8,160,572**
II. NON-CONSTRUCTION COSTS		
1. Professional Fees & Bond Issuance Expenses	$	451,450
2. Bond Discount		268,362
3. Attorney General Fee		9,170
4. Developer Interest		269,904
5. Surplus Funds		10,542
TOTAL NON-CONSTRUCTION COSTS	**$**	**1,009,428**
TOTAL BOND ISSUE REQUIREMENT	**$**	**9,170,000**

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

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. 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, Maryland, California, Connecticut or Florida insurance law.

ASSURED GUARANTY INC.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately $3,644 million.

- The contingency reserve of AG was approximately $1,374 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

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

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

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISKS

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 Bond shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. The payment of principal and interest in connection with mandatory or 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 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 no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. 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 revenues pledged in the Bond Order.

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. In the event bond insurance is purchased, the long-term rating on the Bonds will be 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 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 "SALE AND DISTRIBUTION OF THE BONDS –Municipal Bond Rating" herein for a description of the ratings.

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law. Neither the District nor the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

THE DISTRICT

General

In an order dated March 15, 2011, the TCEQ, pursuant to a Petition of Lavon 593 Land Investment Partners, L.P., a prior developer of land in the District, granted the creation of Collin County Water Control and Improvement District No. 3. The District was granted road powers by Senate Bill 1852 (2013), as codified at Chapter 9043, Texas Special District Local Laws Code. The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article 16, Section 59 and Article 3, Section 52 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm water drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is not empowered to fund parks and recreational facilities with taxes, independently or with one or more conservation and reclamation districts. The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the three cities in whose extraterritorial jurisdiction the District is located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District's utility system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE WATER, WASTEWATER AND DRAINAGE SYSTEM—Regulation."

Description and Location

The District encompasses approximately 705 acres and is located approximately 28 miles north of the central downtown business district of the City of Dallas, Texas. The District is located within the Wylie Independent School District. The District is located along Parker Road near Lake Lavon, adjacent to the Town of St. Paul. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

(Continues on following page)

Land Use

The following table has been provided by the Developer and represents the current approved land use within the District as of November 15, 2024.

Phase	Acreage	Lots
Inspiration:		
Phase 1A-1 (a)	22.741	27
Phase 1A-2 (a)	16.691	72
Phase 1B (b)	41.62	109
Phase 2A (c)	45.987	100
Phase 2B	25.042	76
Phase 3A (d)	50.075	136
Phase 3B-1 (e)	56.977	199
Phase 3B-2 (e)	14.143	46
Phase 3B-3	6.017	19
Phase 3C (g)	16.431	54
Phase 4A (h)	16.832	29
Phase 4B (f)	8.85	19
Phase 5A-1 (i)	6.707	29
Phase 5A-2 (i)	7.753	30
Phase 5A-3 (i)	3.125	5
Phase 5B (i)	39.465	170
Phase 6 (j)	21.561	29
Phase 7A (k)	65.205	152
Phase 7B (l)	35.834	107
Phase 8A (m)	13.961	38
Phase 8B (n)	74.44	231
Phase 9 (o)	38.693	206
Phase 10 (p)	73	289
Subtotal:	701	2,172
Undevelopable:	4	-
Totals:	705	2,172

(a) Includes 10.5 acres of open space.
(b) Includes 6 acres of open space and 1.7 acre municipal water site.
(c) Includes acreage for 10 acre School site, 9.9 acres of open space and a 0.3 acre municipal water site.
(d) Includes 9.6 acres of open space, a 7.6 acre Amenity Center and a .7 acre municipal sewer site.
(e) Includes 2.83 acres of open space.
(f) Includes .006 acres of open space.
(g) Includes 5.3 acres of open space.
(h) Includes 3.0 acres of open space.
(i) Includes 4.7 acres of open space.
(j) Includes 10.8 acres of open space.
(k) Includes 14.2 acres of open space.
(l) Includes 4.853 acres of open space.
(m) Includes 1.471 acres of open space.
(n) Includes 3.362 acres of open space.
(o) Includes 2.633 acres of open space.
(p) Includes 12.906 acres of open space.

Status of Development

Single-Family Residential: The District is being developed as Inspiration, a predominantly single-family residential development. Completed development currently consists of approximately 705 acres of Inspiration, Phase 1A-1, Phase 1A-2, Phase 1B, Phase 2A, Phase 2B, Phase 3A, Phase 3B-1, Phase 3B-2, Phase 3B-3, Phase 3C, Phase 4A, Phase 4B, Phase 5A-1, Phase 5A-2, Phase 5A-3, Phase 5B, Phase 6, Phase 7A, Phase 7B, Phase 8A, Phase 8B, Phase 9 and Phase 10 (2,172 single-family residential lots and approximately 102 acres of open space). In addition, there is a 7.6 acre "Club Inspiration" resort style swimming complex, clubhouse, fitness and event center, a separate 1.2 acre resort style swimming complex and clubhouse and a 10 acre school site, upon which George Bush Elementary (Wylie ISD) opened in August 2016. As of November 1, 2024, there were 1,851 completed single-family homes (1,751 occupied, 5 model homes, 12 completed and unoccupied, 83 new homes under construction and 321 vacant developed lots available for home construction). See "THE DISTRICT—Land Use—Status of Development." According to the Developer, homes being constructed in the District range from approximately $450,000 to $910,000 in purchase price.

Recreation: Club Inspiration, completed in July 2019, is a 7.6 acre resort style swimming complex, clubhouse, fitness and event center. There are four separate pools including a tot pool, lap pool and main pool with lazy river. The fitness building is a two story, walk out basement with over 5,000 square feet. The 6,500 square foot event center with catering kitchen and verandah, overlook the pool complex, event lawn and playground. There is an onsite food truck court to compliment the event center.

In addition to Club Inspiration, there is a separate 1.2 acre swim complex with community center and bath house, playground, sports field, event pavilion and plaza.

There are also play fields, water features and walkways, including walking access to Lake Lavon's Trinity Trail.

Future Development

All land within the District is fully served with water distribution and supply, wastewater collection and treatment, storm water drainage facilities and paving. The District anticipates issuing additional bonds to fully reimburse the Developer for water, wastewater and storm water drainage facilities constructed to date. LJA Engineering, the District's consulting engineer ("the Engineer") has stated that under current development plans, the remaining authorized but unissued bonds ($44,690,000 principal amount for water, wastewater and storm water drainage purposes and $4,355,000 principal amount for roads, after issuance of the Bonds) should be sufficient to finance the construction of water, wastewater and storm water drainage facilities to complete the District's water and wastewater systems for full development of the District. See "THE ROAD SYSTEM," "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" and "INVESTMENT CONSIDERATIONS—Future Debt."

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Prospective purchasers of the Bonds should note that the prior real estate experience of the Developer or the Huffines Entities should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate. No representation is made as to the relative success of any of the projects mentioned above, and no assurance as to the future performance of the Developer to the Huffines Entities should be inferred. Prospective purchasers are urged to inspect the District in order to acquaint themselves with the nature of the business activities of the Developer and the Huffines Entities. See "INVESTMENT CONSIDERATIONS—Landowners/Developer/Homebuilders Under No Obligation to the District."

The Developer

The developer of the Phase 1 and 2 land within the District is HC Inspiration One, LLC ("HC Inspiration"), a Texas limited liability company, which was created to own and develop Phase 1 and 2 of the property within the District. The developer of the Phase 3, 4, 4B and 5A-1 land within the District is St. Paul Inspiration, LLC ("St. Paul Inspiration"), which was created to own and develop Phases 3, 4 and 5A-1 of the property within the District. The developer of the Phase 5A-2, 5A-3, 5B, 6, 7A, 7B and 8A land within the district is Lavon Development, LLC ("Lavon Development"). The developer of the Phase 8B land within the district is HC Highpoint, LLC ("HC Highpoint"). The developer of the Phase 9 land within the district is Inspiration Nine, LLC ("Inspiration Nine"). The developer of the Phase 10 land, formerly owned by Inspiration West, LLC ("Inspiration West"), within the district is HC Highpoint, on behalf of First Texas Homes, Inc. and Ashton Dallas Residential, LLC (homebuilders who have purchased the undeveloped lots of Phase 10).

HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine and Inspiration West are controlled by entities affiliated with Phillip Huffines and Don Huffines. Development and management tasks of the property owned by HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine and Inspiration West are carried out through employees of Huffines Management Partners, LP, a Texas limited partnership, which is part of a group of entities doing business under the name "Huffines Communities" ("Huffines"). Phillip Huffines and Don Huffines are the co-founders and co-owners of Huffines. HC Inspiration, St. Paul Inspiration, Lavon Development, HC Highpoint, Inspiration Nine, Inspiration West, Huffines and their affiliates are collectively referred to herein as the Huffines Entities. See "THE DEVELOPER."

Huffines was founded in 1985 and has developed and marketed over 18 residential subdivisions in the Dallas-Fort Worth area of Texas, including Waterview, Panther Creek, Country Lakes, Providence, Savannah and Waterscape.

The Developer and the Huffines Entities are not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District nor any 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 its property within the District, or any other assets, at any time.

Homebuilders

Homebuilding in the District is being conducted by: First Texas Homes, Inc.; Ashton Dallas Residential, LLC, dba Ashton Wood Homes; Brightland Homes, Ltd. (formerly Gehan Homes, Ltd.); Shaddock Homes, Ltd., d/b/a Saxony Homes; and Castlerock Communities L.P., d/b/a Mercury Homes and various custom builders. The contracts for sale of lots between HC Inspiration and its builders, St. Paul Inspiration and its builders, Lavon Development and its builders, Inspiration Nine and its builders and HC Highpoint and its builders, require that earnest money be deposited with a title company and establish certain required purchases on a fixed schedule. HC Inspiration's, St. Paul Inspiration's, Lavon Development's, Inspiration Nine's, and HC Highpoint's sole remedies for homebuilders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of earnest money. All of the builders are current with lot takedown requirements.

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MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members own land within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Position	Term Expiration
Tommy Thomas	President	2026
Mike Reynolds	Vice President	2026
Traci Miller	Secretary	2026
Gary Moore	Assistant Secretary	2028
Ron Dawes	Assistant Secretary	2028

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond & General Counsel: Coats Rose, P.C., Dallas, Texas serves as Bond Counsel and General Counsel to the District. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel for the District. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Hilltop Securities Inc., Dallas, Texas, serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Auditor: The District's financial statements for the fiscal year ended August 31, 2024 were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See Appendix "A" for a copy of said financial statements.

Tax Assessor/Collector: The Collin Central Appraisal District (the "Appraisal District") has the responsibility of appraising all property within the District. See "TAXING PROCEDURES." The District has contracted with Collin County Tax Assessor-Collector, to perform the tax collection function.

Engineer: The District's consulting engineer is LJA Engineering, Inc.

Bookkeeper: The District has contracted with L&S District Services, LLC for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is Wylie Northeast Special Utility District.

THE ROAD SYSTEM

Construction of the District's roads is subject to certain regulation by the Town of St. Paul, Texas, the City of Wylie, Texas, and the City of Lucas, Texas, located in Collin County, Texas.

The roads and ancillary improvements ("Road System") serving Phase 1, 2, 3, 4, 5, 6 ,7, 8, 9 and 10 of the District are complete. The Road System consists of collector roads; subdivision roads; a portion of the storm water drainage system and other functionally related improvements; and related land acquisition.

Roads within the District are constructed with reinforced concrete pavement with curbs on moisture conditioned and lime stabilized subgrade. Inspiration Boulevard is the principal collector entering the project off of FM 2514 (Parker Road). Inspiration Boulevard is an 85' right of way with two divided 20' back to back pavement sections from the entrance to the roundabout completed in Phase 3. A 65' right-of-way with 39' back to back pavement section is existing and provides connection to interior roadways and transition out of the roundabout, as well as providing access to future phases. The remaining streets provide local interior service within the project and are typically 30-32 feet wide (between curbs). The Road System also includes streetlights, landscape and hardscape. Franchise utilities (power, phone, gas and cable) are typically located adjacent to the roadway. Public utilities such as water, wastewater, and storm water drainage are typically located within street rights of way.

THE WATER, WASTEWATER AND DRAINAGE SYSTEM

Regulation

Construction and operation of the District's water, wastewater, and storm water drainage system (the "Utility System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency.

Wylie Northeast Special Utility District

The Wylie Northeast Special Utility District ("Wylie Northeast SUD"), a political subdivision of the State of Texas created under the authority of Section 59, Article XVI of the State Constitution, is the retail provider of water and sanitary sewer services to the District pursuant to an assigned Non-Standard Service Contract with Wylie Northeast SUD (the "Contract") from Hanover Property Company. The original agreement was executed on September 3, 2008. Pursuant to the Contract, Wylie Northeast SUD pledges to deliver certain water supply and wastewater services as required to serve the needs of the property owners within the District.

Water Supply

The District obtains water from the Wylie Northeast SUD. Pursuant to the Contract, the District has rights to develop up to approximately 2,200 equivalent single family residential connections ("ESFC") for water. This is estimated to provide water for 2,172 single family residential homes, one amenity center and approximately 6.1 acres of commercial development.

Wylie Northeast holds the Water Certificate of Convenience and Necessity ("CCN") No. 10192 originally issued by the TCEQ. North Texas Municipal Water District ("NTMWD") supplies water to Wylie Northeast SUD via an existing wholesale water supply contract. Jurisdiction over water and sewer CCN was transferred to the Public Utility Commission of Texas effective September 1, 2014.

Wylie Northeast SUD currently charges a Water Connection Fee of $4,100 per ESFC for the first 1,513 water connections, and $385 per connection thereafter, which includes a standard residential meter to be installed by Wylie Northeast SUD and reflects all administrative, equipment, water system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer is required to install a meter vault, tap, meter riser with appurtenances and service line for all service connections during the construction of the lots. The Developer shall pay a deposit to Wylie Northeast SUD for each water service ESFC. The District will seek reimbursement of water fees. As of November 1, 2024, the District has approximately 1,851 active water connections.

Wastewater Treatment

The District obtains wastewater service from Wylie Northeast SUD who is currently negotiating a contract with the NTMWD for regional wastewater service. Wylie Northeast SUD has also been issued a permit to construct a wastewater treatment plant to service the District, subject to certain conditions. Wastewater from the District will be pumped to the NTMWD Muddy Creek Wastewater System.

Wylie Northeast SUD holds the Sewer Certificate of Convenience and Necessity No. 21056 issued by the TCEQ.

Wylie Northeast SUD will adopt and charge a wastewater connection fee of $300 per ESFC for the first 500 wastewater connections and $100 per connection thereafter, which reflects all administrative, equipment, wastewater system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer shall install all customer equipment, facilities, and appurtenances necessary for Wylie Northeast SUD to provide retail sewer service to each sewer connection in the District. The Developer is required to pay a deposit to Wylie Northeast SUD for each sewer service ESFC. The District will seek reimbursement of the sewer fees. As of November 1, 2024, the District has approximately 1,851 active sewer connections.

Water Distribution, Wastewater Collection and Storm Water Drainage Facilities and Roads

Internal water distribution, wastewater collection, storm water drainage facilities and paving have been constructed to serve 1,884 single-family residential lots, Club Inspiration, a community center with pool, amenity center and bath house, and a school site.

Flood Protection

According to the District's engineer, none of the District's developable land is within the 100-year floodplain. The District contains certain areas within the 100-year floodplain and those areas are designated as drainage ways and easements. No lots are proposed within the 100-year floodplain.

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DISTRICT OPERATING STATEMENT

Principal of and interest on the Bonds are payable solely from the proceeds of an unlimited tax levied against all taxable property within the District's boundaries.

The District intends to convey all of its right, title and interest to and maintenance, operation and repair obligations for the water and sewer systems to Wylie Northeast SUD pursuant to the Contract. The District therefore will not receive revenue from providing water and wastewater service. Although the District is currently dependent on Developer advances for operating funds, the District estimates that it will in future years operate on a positive cash flow basis without water and sewer revenues from customers, even though the amount of its net revenues may be less without net utility system revenues. However, the District cannot predict that the District's net revenues subsequent to such conveyance will be sufficient to fund its future obligations and expenses or that an increase in its maintenance tax may not be required in the future. See Appendix A.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

Table 1 - Assessed Value, Debt Ratios and Fund Balances

2024 Certified Net Taxable Assessed Valuation	$ 998,689,649 (1)
Gross Direct Debt Outstanding upon Issuance of the Bonds (combined road and utility bonds)	$ 91,025,000
Ratio of Gross Direct Debt to 2024 Certified Taxable Assessed Valuation	9.11%
Road Bond Debt Service Fund Balance as of December 10, 2024	$ 2,311,380 (2)
Utility Bond Debt Service Fund Balance as of December 10, 2024	$ 1,974,986 (3)
General Fund Balance as of December 10, 2024	$ 2,861,919

(1) Certified estimate provided by the Collin Central Appraisal District (the "Appraisal District") on July 22, 2024. Includes the Appraisal District's $26,680,728 certified estimate of $30,505,036 taxable value under protest as of Tax Year 2024 certification.
(2) Any funds in the road bond debt service fund are pledged only to pay the debt service on the Bonds, the Outstanding Road Bonds and any additional road bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Road Bond Debt Service Fund. In addition, upon closing and delivery of the Bonds, accrued interest on the Bonds from January 15, 2025 will be deposited into the Road Bond Debt Service Fund (as defined herein).
(3) Any funds in the Utility Bond Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds and any additional utility bonds. Neither Texas law nor the orders authorizing the issuance of the Outstanding Utility Bonds require the District to maintain any minimum balance in the Utility Bond Debt Service Fund.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the District portfolio.

Anticipated Issuance of Additional Debt

The District may issue additional debt within the next 12 months if growth in taxable assessed valuation supports additional debt.

Outstanding Road Bonds

The District has previously issued its $5,110,000 Unlimited Tax Road Bonds, Series 2015, $6,070,000 Unlimited Tax Road Bonds, Series 2016, $4,695,000 Unlimited Tax Road Bonds, Series 2017, $7,100,000 Unlimited Tax Road Bonds, Series 2018, $11,895,000 Unlimited Tax Road Bonds, Series 2020, $11,785,000 Unlimited Tax Road Bonds, Series 2022 and $2,820,000 Unlimited Tax Road Bonds, Series 2023 which together are currently outstanding in the aggregate principal amount of $43,510,000.

Outstanding Utility Bonds

The District has previously issued its $4,700,000 Unlimited Tax Utility Bonds, Series 2017, $11,000,000 Unlimited Tax Utility Bonds, Series 2019, $12,440,000 Unlimited Tax Utility Bonds, Series 2021 and $14,170,000 Unlimited Tax Utility Bonds, Series 2023 currently outstanding in the principal amount of $38,345,000.

Table 2 - Unlimited Tax Bonds Voted Authorization

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Utilities	11/8/2011	$ 87,000,000	$ 42,310,000	$ -	$ 44,690,000
Utility Refunding Bonds	11/8/2011	130,500,000	-	-	130,500,000
Roads	11/5/2013	63,000,000	49,475,000	9,170,000	4,355,000
Road Refunding Bonds	11/5/2013	94,500,000	-	-	94,500,000
Total		$ 375,000,000	$ 91,785,000	$ 9,170,000	$ 274,045,000

(Continues on following page)

Table 3 - Debt Service Requirements

Calendar Year Ending 31-Dec	Outstanding Debt[1] Principal	Outstanding Debt[1] Interest	Outstanding Debt[1] Total D/S	The Bonds Principal	The Bonds Interest	The Bonds Total D/S	Total Unlimited Tax Debt Service	% of Principal Retired
2025	$ 2,640,000	$ 2,530,163	$ 5,170,163	$ 335,000	$ 281,954	$ 616,954	$ 5,787,117	
2026	2,725,000	2,432,638	5,157,638	215,000	399,481	614,481	5,772,119	
2027	2,820,000	2,331,263	5,151,263	235,000	384,431	619,431	5,770,694	
2028	2,895,000	2,250,588	5,145,588	250,000	367,981	617,981	5,763,569	
2029	2,980,000	2,167,025	5,147,025	260,000	350,481	610,481	5,757,506	16.87%
2030	3,070,000	2,081,638	5,151,638	270,000	332,281	602,281	5,753,919	
2031	3,155,000	1,996,044	5,151,044	280,000	313,381	593,381	5,744,425	
2032	3,250,000	1,906,988	5,156,988	290,000	302,181	592,181	5,749,169	
2033	3,350,000	1,813,669	5,163,669	295,000	290,581	585,581	5,749,250	
2034	3,455,000	1,715,588	5,170,588	300,000	278,781	578,781	5,749,369	36.33%
2035	3,565,000	1,611,913	5,176,913	310,000	266,781	576,781	5,753,694	
2036	3,680,000	1,502,850	5,182,850	320,000	254,381	574,381	5,757,231	
2037	3,800,000	1,389,094	5,189,094	330,000	241,581	571,581	5,760,675	
2038	3,925,000	1,269,069	5,194,069	340,000	228,381	568,381	5,762,450	
2039	4,060,000	1,142,838	5,202,838	345,000	214,781	559,781	5,762,619	59.04%
2040	4,200,000	1,010,338	5,210,338	355,000	200,981	555,981	5,766,319	
2041	4,335,000	872,794	5,207,794	375,000	186,781	561,781	5,769,575	
2042	4,480,000	731,650	5,211,650	390,000	171,781	561,781	5,773,431	
2043	4,640,000	582,781	5,222,781	395,000	155,694	550,694	5,773,475	
2044	4,780,000	448,513	5,228,513	410,000	139,400	549,400	5,777,913	85.81%
2045	4,915,000	316,825	5,231,825	425,000	121,975	546,975	5,778,800	
2046	2,300,000	185,181	2,485,181	445,000	103,913	548,913	3,034,094	
2047	1,690,000	111,181	1,801,181	465,000	85,000	550,000	2,351,181	
2048	1,145,000	48,894	1,193,894	490,000	65,238	555,238	1,749,131	
2049	-	-	-	510,000	44,413	554,413	554,413	99.41%
2050	-	-	-	535,000	22,738	557,738	557,738	100.00%
	$ 81,855,000	$ 32,449,519	$ 114,304,519	$ 9,170,000	$ 5,805,354	$ 14,975,354	$ 129,279,874	

Maximum Combined Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025)…........................... $ 5,787,117 [2]

Average Combined Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025 - 2050)…................... $ 4,972,303 [2]

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(1) Includes the Outstanding Road Bonds and Outstanding Utility Bonds which are paid pursuant to two separate ad valorem tax rates.

(2) This includes the Outstanding Road Bonds, the Outstanding Utility Bonds and the Bonds.

(Continues on following page)

Estimated Overlapping Debt and Taxes

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an approximate calculation of overlapping debt and the tax rates imposed for the 2024 tax year by all taxing jurisdictions overlapping the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdiction	2024 Taxable Assessed Value[(1)]	2024 Total Tax Rate	Total Debt as of 1/1/2025	Estimated % Applicable	District's Overlapping Debt as of 1/1/2025
The District	$ 998,689,649	$ 0.9192	$ 91,025,000 [(2)]	100.00%	$ 91,025,000
Collin County, Texas	251,108,780,615	0.1493	841,715,000	0.40%	3,347,601
Collin County Community College District	226,124,750,589	0.0812	459,865,000	0.44%	2,031,013
Wylie Independent School District	11,208,909,545	1.2102	651,393,753	8.91%	58,037,778
Total Direct and Overlapping Tax Debt		$ 2.3600	$ 2,043,998,753		$ 154,441,392

Ratio of Direct and Overlapping Tax Debt to 2024 Certified Taxable Assessed Valuation 15.46%

(1) As reported by the Appraisal District
(2) Includes the Bonds.

(Continues on following page)

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds, the Outstanding Utility Bonds and any future utility bonds. The District also levies a tax to provide funds to pay the principal and interest on its Outstanding Road Bonds and any future road bonds. For tax year 2024, the District levied a tax rate of $0.3664 per $100 of taxable assessed valuation to pay debt service on bonds issued for road purposes including the Bonds and the Outstanding Road Bonds and levied a tax rate of $0.3466 per $100 of assessed valuation to pay debt service on bonds issued for utility purposes including the Outstanding Utility Bonds. See "TAX DATA— Table 4 - Tax Rate Distribution," and "- Table 6 - Tax Roll Information," below and "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters.

A maintenance tax election was conducted on November 8, 2011. The voters of the District authorized, among other things, the Board to levy a maintenance tax not to exceed $1.20 per $100 of taxable assessed valuation for operation and maintenance purposes, including but not limited to planning, constructing, acquiring, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment of water, sewer and drainage of the District and for paying costs of proper services, engineering and legal fees and organization and administrative expenses, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Section 49.107 of the Texas Water Code.

A subsequent maintenance tax election was conducted on November 5, 2013. The voters of the District authorized, among other things, the Board to levy a maintenance tax not to exceed $1.20 per $100 of taxable assessed valuation for the operation and maintenance of macadamized, graveled, or paved roads, or improvements including storm water drainage, in aid of those roads, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Article III, Section 52(b)(3) of the Texas Constitution, and Section 49.107 of the Texas Water Code.

A maintenance tax is in addition to unlimited debt service taxes which the District is authorized to levy for paying principal of and interest on the Bonds. For tax year 2024, the District levied a tax equivalent to $0.2062 per $100 of taxable assessed valuation for maintenance and operation purposes.

Contract Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax to make payments under a contract, if the provisions of the contract have been approved by a majority of the qualified voters of the District, and such tax is approved by the TCEQ. To date, the voters in the District have not approved contracts between the District and other parties and the levy of a tax without legal limitation as to rate or amount in support thereof. Such tax would be in addition to taxes which the District is authorized to levy for paying principal of and interest on its road bonds and utility bonds, and taxes for the maintenance and operations of the District.

Tax Exemptions

The District has not adopted any optional exemptions for property located within the District. See "TAXING PROCEDURES."

(Continues on following page)

Table 4 - Tax Rate Distribution

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Distribution: Maintenance Tax Rate	Distribution: Debt Service Tax Rate (1)	Total Tax Levy	Maintenance & Operations Tax Levy	Total Debt Service Tax Levy
2020	2021	$ 355,263,677	$ 1.0000	$ 0.2281	$ 0.7719	$ 3,552,637	$ 810,356	$ 2,742,280
2021	2022	467,029,580	1.0000	0.2382	0.7618	4,659,950	1,110,000	3,549,950
2022	2023	613,995,997	1.0000	0.2244	0.7756	6,139,960	1,377,807	4,762,153
2023	2024	865,616,364	0.9386	0.2106	0.7280	8,124,675	1,822,988	6,301,687
2024	2025	998,689,649	0.9192	0.2062	0.7130	9,179,955	2,059,298	7,120,657

(1) Includes both the District's tax rate levied for the payment of debt service on road bonds and the District's tax rate levied for the payment of debt service on utility bonds.

Table 5 - Historical Tax Collections

The District currently levies a tax of $0.3664 per $100 of assessed valuation to pay debt service on road bonds, a tax of $0.3466 per $100 of assessed valuation to pay debt service on utility bonds and a tax rate of $0.2062 per $100 of assessed valuation for maintenance and operations purposes.

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Total Tax Levy	% Current Collections	Collections % Total Collections
2020	2021	$ 355,263,677	$ 1.0000	$ 3,552,637	99.80%	100.00%
2021	2022	467,029,580	1.0000	4,659,950	100.00%	100.59%
2022	2023	613,995,997	1.0000	6,139,960	99.40%	99.40%
2023	2024	865,616,364	0.9386	8,124,675	99.73%	99.73%
2024	2025	998,689,649	0.9192	9,179,955	In Process of Collection	

Table 6 - Tax Roll Information

The District's appraised value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation."

	2024	2023	2022	2021	2020
Land	$ 316,020,432	$ 282,443,257	$ 205,412,319	$ 163,155,814	$ 118,091,910
Improvements	791,837,490	706,989,141	501,415,437	329,629,084	262,289,906
Personal Property	7,796,946	6,579,635	6,506,541	5,367,970	3,872,837
Exemptions	(116,965,219)	(130,395,669)	(99,338,300)	(31,123,288)	(28,990,976)
Total Assessed Valuation	$ 998,689,649	$ 865,616,364	$ 613,995,997	$ 467,029,580	$ 355,263,677

(Continues on following page)

Table 7 - Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable appraised value as a percentage of the 2024 Taxable Assessed Valuation of $998,689,649.

Name of Taxpayer	Nature of Property	2024 Taxable Assessed Valuation (1)	% of Total Taxable Assessed Valuation
First Texas Homes Inc	Homebuilder	$ 14,082,227	1.41%
Shaddock Homes LTD	Homebuilder	13,651,308	1.37%
Brightland Homes LTD	Homebuilder	8,319,100	0.83%
Castlerock Communities LP	Homebuilder	7,178,775	0.72%
Oncor Electric Delivery Co LLC	Utilities	3,251,360	0.33%
St Paul Inspiration LLC(2)	Real Estate Developer	3,060,800	0.31%
GFO Home LLC	Homebuilder	2,163,799	0.22%
Kamal Iqan	Real Estate	1,745,760	0.17%
St. Vincent Homes Inc	Homebuilder	1,174,500	0.12%
Bowen Lawrence J Jr	Real Estate	1,126,395	0.11%
		$ 55,754,024	5.58%

(1) As reported by the Appraisal District.
(2) Developer-related entity.

Table 8 - Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 appraised valuation which would be required to meet estimated average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2024 Certified Net Taxable Assessed Valuation of $998,689,649. The calculations contained in the following table merely represent the tax rates required to pay debt service on the Bonds, the Outstanding Road Bonds and the Outstanding Utility Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-eight percent (98%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Pro Forma Debt Service Requirements."

Tax Adequacy at 2024 Certified Net Taxable Assessed Valuation

Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2050)	$ 4,972,303
$0.5081 Tax Rate at 98% Collections to pay Combined Average Annual Debt Service Requirement produces	$ 4,972,855
Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025)	$ 5,787,117
$0.5913 Tax Rate at 98% Collections to pay Combined Maximum Annual Debt Service Requirement produces	$ 5,787,147

(Continues on following page)

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Road Bonds and any additional road bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The Board is also authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Utility Bonds and any additional utility bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "INVESTMENT CONSIDERATIONS—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 and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single 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") 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 Central Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Collin County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt certain property owned by qualified organizations engaged primarily in charitable purposes, residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District has not adopted 65 and older or disabled exemptions. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% and, subject to certain conditions, the surviving spouse of such a veteran, is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. In addition, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken no official action to allow taxation of all such goods-in-transit personal property.

General Residential Homestead Exemption

The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that 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 District has never granted a general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements on the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor of Texas (the "Governor") on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2024 tax year, the District designated itself as a Developing District. For future years, a determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Agricultural, Open Space, or Timberland 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 could 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. 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, including such taxes for a period of three (3) years for agricultural use and five (5) years for timberland or open space land prior to the loss of the designation. As of November 15, 2024, no land within the District was designated for agricultural use, open space, or timberland.

Tax Abatement

Collin County, Texas may designate all or part of the District as a reinvestment zone, and the District, and Collin County, Texas may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of 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 other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and Taxes." 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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, 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 except as described above under "Levy and Collection of Taxes." 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—Tax Collections Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the Town of St. Paul, Texas, the City of Lucas, Texas, the City of Wylie, Texas, Collin County, Texas, the State of Texas, or any entity other than the District. Payment of the principal and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy Limitations" below.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of undeveloped land and of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

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 28 miles from the central downtown business district of the City of Dallas, Texas, 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 the City of Dallas, Texas and the nation could adversely affect development and home-building plans in the District and restrain the growth of or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 28 miles from downtown Dallas, Texas, could be affected by competition from other residential developments including other residential developments located in the vicinity of the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Dallas, Texas. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the sale of developed lots and of prospective builders in the construction 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. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Development and Home Construction in the District

As of November 1, 2024, there were 1,851 completed single-family homes (1,751 occupied, 5 model homes, 12 completed and unoccupied, 83 new homes under construction and 321 vacant developed lots available for home construction). Failure of builders to construct taxable improvements on developed lots could result in increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and the contractual obligations of the District. Future increases in value will result primarily from the construction of homes by builders. See "THE DEVELOPER—Homebuilders."

Undeveloped Acreage/Vacant Lots

All land within the District has been developed and there are 321 vacant developed lots. See "THE DISTRICT—Land Use."

Overlapping Debt and Taxes

The District is located partially within the ETJ of each of the Cities. Under legislation effective December 1, 2017, none of the aforementioned cities may annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If the District is annexed, the annexing city will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by a city is a policy-making matter within the discretion of the mayor and city council of the city, and therefore, the District makes no representation that a city will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the annexing city to make debt service payments should annexation occur.

Various Huffines Entities (as herein defined) have entered into development agreements (the "Development Agreements") with the City of Lucas, Texas, (dated September 17, 2009), the City of Wylie, Texas, (dated October 25, 2011), and also the Town of St. Paul, Texas (dated July 9, 2013) providing that the applicable city or the town will not annex the property that is within its ETJ and within the District for at least fifteen years from the date of the respective Development Agreement.

The District cannot predict and has no control over future debt and tax plans of the overlapping jurisdictions – See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Estimated Overlapping Debt and Taxes." There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Collin County, Texas area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Landowners/Developer/Homebuilders Under No Obligation to the District

There are no commitments from or obligations of the Developer, the Huffines Entities or homebuilders within the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer and the Huffines Entities and the other landowners for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer or the Huffines Entities will be or what effect, if any, such condition may have on their ability to pay taxes. See "THE DEVELOPER."

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial 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 (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) — Estimated Overlapping Debt and Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). 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. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

The Bond Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due or the District defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners may seek a writ of mandamus to compel the District or District officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. 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. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Registered Owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue or be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy code ("Chapter 9"). Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. The District may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes, bond anticipation notes, unlimited tax utility bonds and unlimited tax road bonds, and to borrow for any valid corporate purpose. Pursuant to elections held on November 8, 2011 and November 5, 2013, the resident electors authorized a total of $87,000,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities, and $63,000,000 principal amount of unlimited tax bonds for roads. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to one and one-half of the principal amount of bonds issued for water, wastewater, and storm water drainage facilities, and roads, respectively; to refund outstanding bonds issued for water, sewer, and drainage facilities and roads. After issuance of the Bonds, the District will have $4,355,000 of unlimited tax bonds for road facilities authorized but unissued and $44,690,000 unlimited tax bonds for water, wastewater, and storm water drainage facilities authorized but unissued. The District believes that such remaining authorization of unlimited tax bonds for water, wastewater, storm water drainage, and roads purposes will be sufficient to finance improvements for the remainder of the District. See "THE BONDS—Issuance of Additional Debt." In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. See "THE BONDS—Authority for Issuance." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

Pursuant to developer financing agreements, prior to the issuance of the Bonds, the District owes the Developer approximately $16,759,028 plus interest for engineering and construction of water, wastewater, and storm water drainage facilities and roads and related improvements. After the issuance of the Bonds the remaining balance owed to the Developer by the District will be $8,598,506. The District expects to issue additional bonds to reimburse the Developer and to finance water, wastewater and storm water drainage facilities serving the District.

The District may also issue additional bonds to finance a water irrigation system, as well as to pay for certain drainage and erosion control projects. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District. The issuance of additional bonds for the purpose of financing water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Authority for Issuance—Issuance of Additional Debt."

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the three cities in whose extraterritorial jurisdiction the District is located; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds.

The District does not have the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities.

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

The DFW Area is currently designated as a serious ozone nonattainment area under the 1997 Ozone Standards. On April 6, 2020 the EPA published final action of redesignation of the DFW to "attainment" for the 1997 Ozone Standards, which terminated the serious nonattainment area "anti-backsliding" requirements and left the DFW Area subject only to the nonattainment area requirements under the 2008 Ozone Standard and the 2015 Ozone Standard. However, the EPA stated that it lacked authority to redesignate areas to attainment under revoked standards. The 1997 Ozone Standards have been revoked.

On October 7, 2022, the EPA published final notice reclassifying the DFW Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. As the DFW Area is now designated a "severe" nonattainment area, it must meet the attainment date of July 20, 2027 with an attainment year of 2026. The "severe" nonattainment classification 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.

On June 20, 2024, as requested by Texas Governor Greg Abbott, the EPA published final notice reclassifying the DFW Area from "moderate" to "serious" under the 2015 Ozone Standard, effective July 22, 2024. The requirements for an area designated as "series" vary and establish several attainment deadlines ranging from January 1, 2026 to January 1, 2028, with such deadlines applicable to the specific requirements of the EPA's final action.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the DFW Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the DFW Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the DFW Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the DFW Area's economic growth and development. As a result of the DFW Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2026, addressing the "serious" nonattainment classification.

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("CGP"), 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. The CGP has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

On May 25, 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 confirm with the Supreme Court's decision.

While the Sackett decision and subsequent legislation 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.

Changes in Tax Legislation

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

Future and Proposed Legislation

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

Dependence on the Oil and Gas Industry

Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the businesses of taxpayers and the property values in the District, resulting in less local tax revenue. Texas may be particularly at risk from any global slowdown in the oil and gas industry, given the prevalence of international trade in Texas and the risk of contraction in the oil and gas industry and spillover effects into other industries. Should oil prices remain depressed over a long period of time or other adverse developments in economic conditions were to occur, particularly in the oil and gas industry, these businesses could be adversely impacted.

Marketability of the Bonds

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

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.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "LEGAL MATTERS" and "TAX MATTERS."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter 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, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of Coats Rose, P.C., 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 Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the 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. Certain legal matters will be passed upon for the District by its Disclosure Counsel, Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

The District will also furnish the legal opinion of Bond Counsel to the District to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law, subject to the matters discussed below under "TAX MATTERS," including the alternative minimum tax on corporations.

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.

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

In its capacity as Bond Counsel, Coats Rose P.C., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond & General Counsel," "TAXING PROCEDURES," "LEGAL MATTERS (insofar as it relates to the opinion of Bond Counsel)," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION (except for the subheading "Compliance with Prior Undertakings")" solely to determine whether such information fairly summarizes the law referred to therein. In its capacity as General Counsel to the District, Coats Rose has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS—Annexation," "—Consolidation," "THE DISTRICT—General," "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" and "THE ROAD SYSTEM" solely to determine whether such sections fairly summarize the matters contained 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 firms' limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Coats Rose, P.C., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information at representations contained in the District's federal tax certificate, and (c) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. The failure by the District to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether or not the Internal Revenue

Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such an owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period for which such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or any Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

NO MATERIAL ADVERSE CHANGE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein 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.

Financial Advisor

Hilltop Securities Inc., is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Hilltop Securities Inc., has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

Appraisal District: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Collin Central Appraisal District and is included herein in reliance upon the authority of such acting as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the District's road system and water and wastewater system and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM," and "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" has been provided by LJA Engineering, Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" has been provided by L&S District Services, LLC and is included herein in reliance upon the authority of such company as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser, provided, however, that the obligation of the District to the Initial Purchaser to so amend or supplement the Official Statement will terminate when the District delivers 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

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

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 updated financial information and operating data to the EMMA annually.

The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings SELECTED FINANCIAL INFORMATION (UNAUDITED), TAX DATA and FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED). Beginning with the fiscal year ending August 31, 2025, the District will provide an audited financial statement. The District will update and provide this information within six months after the end of each fiscal year.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by United States Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with such accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year end is August 31. Accordingly, it must provide annual updated information by the last calendar day of February in each year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, and (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. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under Annual Reports.

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

During the last five years, the District has complied in all material aspects with its previous continuing disclosure agreements in accordance with the Rule.

MISCELLANEOUS

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

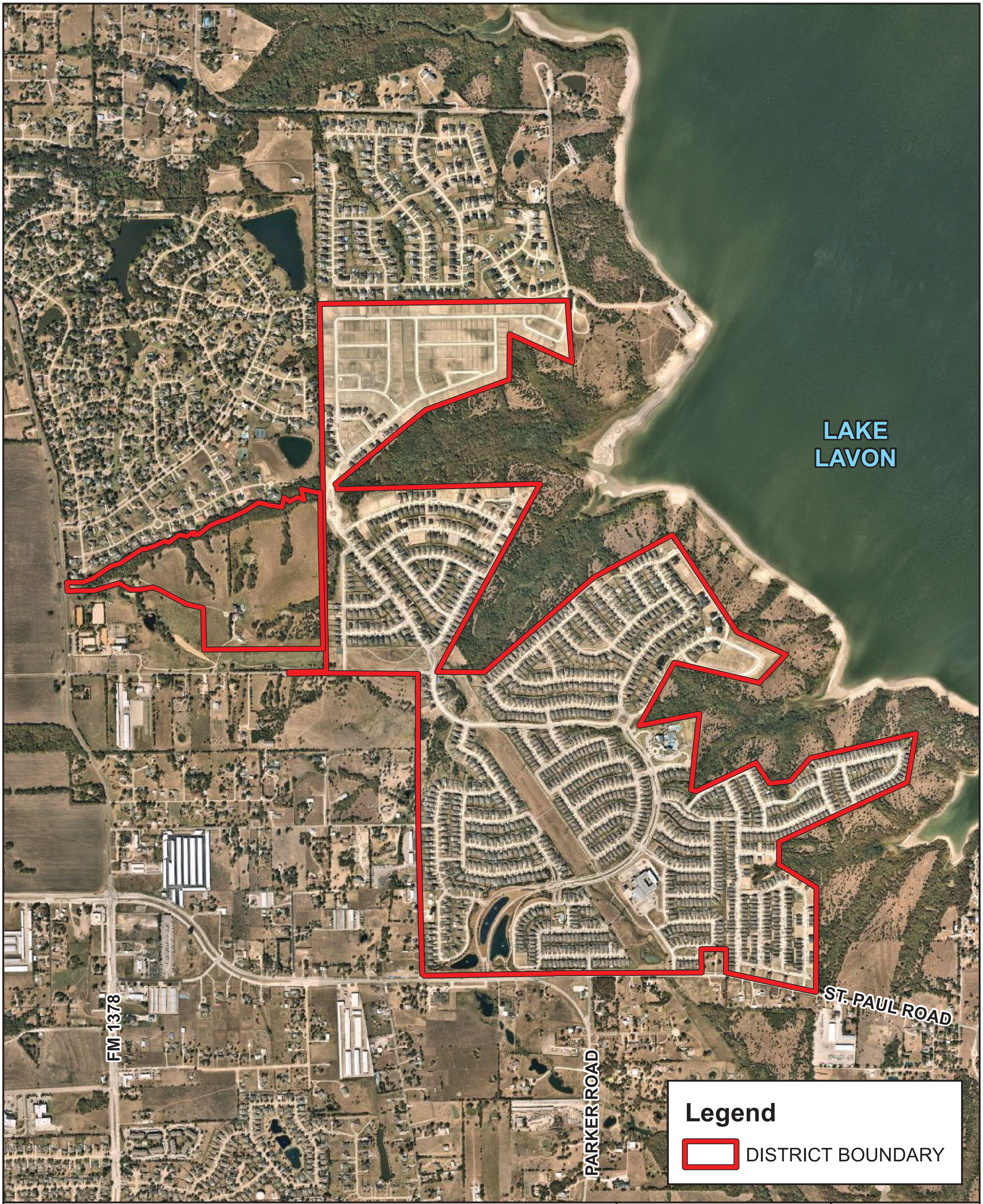
This Official Statement was approved by the Board of Directors of Collin County Water Control and Improvement District No. 3, as of the date shown on the first page hereof.

/s/ TOMMY THOMAS
President, Board of Directors

ATTEST:

/s/ TRACI MILLER
Secretary, Board of Directors

DISTRICT LOCATION MAP



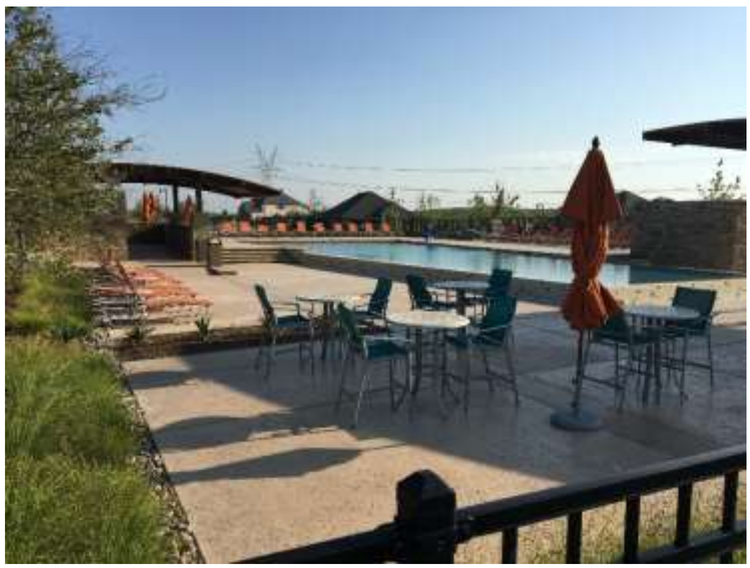
LOCATION MAP
COLLIN COUNTY WCID NO. 3

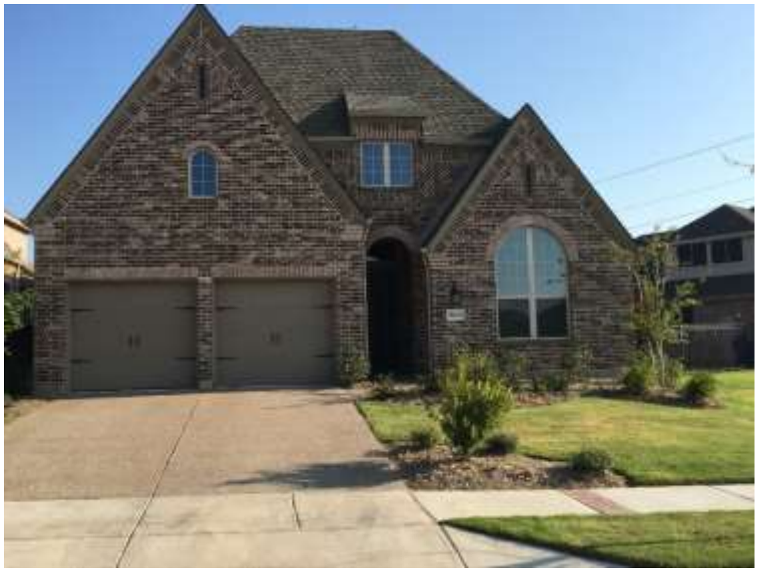
Feet
0 750 1,500

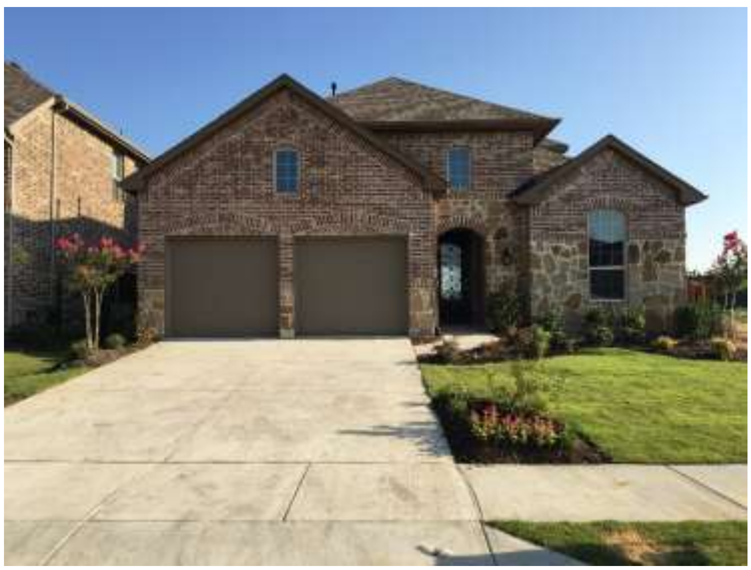
LJA ENGINEERING

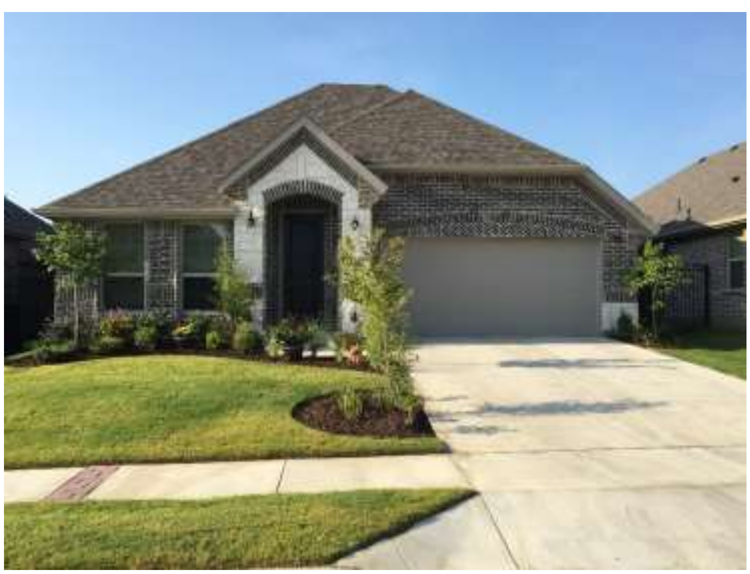
PHOTOGRAPHS OF THE DISTRICT


INSPIRATION









APPENDIX A

Financial Statement of the District for the year ended August 31, 2024

The information contained in this appendix includes the Annual Financial Report of Collin County Water Control and Improvement District No. 3 for the fiscal year ended August 31, 2024.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

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Certified Public Accountants

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(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Collin County Water Control and
Improvement District No. 3
Collin County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Collin County Water Control and Improvement District No. 3 (the "District") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2024, 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.

Change in Accounting Principle

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended August 31, 2023, have been restated for certain accounting changes. Our opinions are not modified with respect to these matters.

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
Collin County Water Control and Improvement District No. 3

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 10, 2024

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Management's discussion and analysis of the financial performance of Collin County Water Control and Improvement District No. 3 (the "District") provides an overview of the District's financial activities for the fiscal year ended August 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for maintenance tax revenues, service revenues, operating costs and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") 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 $8,425,844 as of August 31, 2024. A portion of the District's net position reflects its net investment in capital assets which include land and improvements, water system, sanitary sewer, storm drainage, paving and landscape and hardscape less any debt used to acquire those assets that is still outstanding.

The table on the following page presents a comparative analysis of the Statement of Net Position as of August 31, 2024, and August 31, 2023. The fiscal year ending 2023 balances have been restated as discussed in Note 6 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	$ 13,238,508	$ 9,935,681	$ 3,302,827
Capital Assets (Net of Accumulated Depreciation)	79,662,690	69,059,667	10,603,023
Total Assets	$ 92,901,198	$ 78,995,348	$ 13,905,850
Due to Developers	$ 15,320,670	$ 4,454,095	$ (10,866,575)
Bonds Payable	84,587,877	83,894,928	(692,949)
Other Liabilities	1,418,495	1,447,780	29,285
Total Liabilities	$ 101,327,042	$ 89,796,803	$ (11,530,239)
Net Position:			
Net Investment in Capital Assets	$ (18,091,175)	$ (17,862,109)	$ (229,066)
Restricted	6,858,669	5,046,742	1,811,927
Unrestricted	2,806,662	2,013,912	792,750
Total Net Position	$ (8,425,844)	$ (10,801,455)	$ 2,375,611

The following table provides a summary of the District's operations for the years ended August 31, 2024, and August 31, 2023. The fiscal year ending 2023 balances have been restated as discussed in Note 6 to the financial statements

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	$ 8,006,626	$ 6,179,997	$ 1,826,629
Other Revenues	910,892	672,163	238,729
Total Revenues	$ 8,917,518	$ 6,852,160	$ 2,065,358
Expenses for Services	6,541,907	7,208,394	666,487
Change in Net Position	$ 2,375,611	$ (356,234)	$ 2,731,845
Net Position, Beginning of Year, As Restated	(10,801,455)	(10,445,221)	(356,234)
Net Position, End of Year	$ (8,425,844)	$ (10,801,455)	$ 2,375,611

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2024, were $13,087,523, an increase of $3,358,736 from the prior year.

The General Fund fund balance increased by $800,817, primarily due to property tax revenues and garbage revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $1,830,484, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $727,435. The District sold its Series 2023 Road Bonds and used the proceeds to reimburse developers for road improvements, related engineering, developer interest and bond issuance costs (see Note 11).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a General Fund budget for the current fiscal year. Actual revenues were $122,100 more than budgeted revenues and actual expenditures were $459,443 more than budgeted expenditures which resulted in a total negative variance of $337,343. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2024, total $79,662,690 (net of accumulated depreciation) and include land and improvements, utility systems, paving, landscape and hardscape. Capital asset additions included a new irrigation pump, Inspiration Phase 8A landscaping, Inspiration Phase 10 utilities and paving improvements, and Osage Lane paving improvements.

Capital Assets At Year-End

	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Improvements	$ 4,092,604	$ 4,092,604	$
Capital Assets Subject to Depreciation:			
Water System	20,435,064	17,700,788	2,734,276
Sanitary Sewer	16,845,717	13,307,243	3,538,474
Storm Drainage	9,145,280	7,376,043	1,769,237
Paving	35,848,874	31,553,929	4,294,945
Landscape and Hardscape	4,113,322	3,818,533	294,789
Less Accumulated Depreciation	(10,818,171)	(8,789,473)	(2,028,698)
Total Net Capital Assets	$ 79,662,690	$ 69,059,667	$ 10,603,023

CAPITAL ASSETS (Continued)

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $84,415,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, September 1, 2023	$ 83,715,000
Add: Bond Sale	2,820,000
Less: Bond Principal Paid	(2,120,000)
Bond Debt Payable, August 31, 2024	$ 84,415,000

Bond issued since 2020 through current carry underlying ratings of "Baa1". Bonds issued since 2018 through current carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

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 Collin County Water Control and Improvement District No. 3, c/o Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350, Dallas, TX 75248.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 79,682	$ 42,991
Investments	3,058,421	8,102,052
Receivables:		
Accrued Interest		7,896
Wylie Northeast SUD	84,451	
Due from Other Funds	8,815	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,231,369	$ 8,152,939
LIABILITIES		
Accounts Payable	$ 131,312	$
Accrued Interest Payable		11,973
Due to Developers		
Due to Other Funds		8,815
Due to Taxpayers	1,728	5,972
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 133,040	$ 26,760
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		8,126,179
Unassigned	3,098,329	
TOTAL FUND BALANCES	$ 3,098,329	$ 8,126,179
TOTAL LIABILITIES AND FUND BALANCES	$ 3,231,369	$ 8,152,939
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 60,869	$ 183,542	$	$ 183,542
1,802,146	12,962,619		12,962,619
	7,896		7,896
	84,451		84,451
	8,815	(8,815)	
		4,092,604	4,092,604
		75,570,086	75,570,086
$ 1,863,015	$ 13,247,323	$ 79,653,875	$ 92,901,198
$	$ 131,312	$	$ 131,312
	11,973	1,267,510	1,279,483
		15,320,670	15,320,670
	8,815	(8,815)	
	7,700		7,700
		2,560,000	2,560,000
		82,027,877	82,027,877
$ -0-	$ 159,800	$ 101,167,242	$ 101,327,042
$ 1,863,015	$ 1,863,015	$ (1,863,015)	$
	8,126,179	(8,126,179)	
	3,098,329	(3,098,329)	
$ 1,863,015	$ 13,087,523	$ (13,087,523)	$ -0-
$ 1,863,015	$ 13,247,323		
		$ (18,091,175)	$ (18,091,175)
		6,858,669	6,858,669
		2,806,662	2,806,662
		$ (8,425,844)	$ (8,425,844)

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total Fund Balances - Governmental Funds		$ 13,087,523
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		79,662,690
Certain liabilities are not due and payable in the current period and are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (15,320,670)	
Accrued Interest Payable	(1,267,510)	
Bonds Payable	(84,587,877)	(101,176,057)
Total Net Position - Governmental Activities		$ (8,425,844)

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

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COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,804,242	$ 6,236,885
Penalty and Interest		29,264
Garbage Revenues	343,414	
Investment and Miscellaneous Revenues	148,474	318,668
TOTAL REVENUES	$ 2,296,130	$ 6,584,817
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 192,589	$ 4,678
Contracted Services	568,373	45,752
Purchased Services	69,920	
Utilities	54,438	
Repairs and Maintenance	573,353	
Depreciation		
Other	36,640	540
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		2,120,000
Bond Interest		2,583,363
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 1,495,313	$ 4,754,333
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 800,817	$ 1,830,484
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 800,817	$ 1,830,484
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2023, AS REPORTED	2,297,512	6,295,695
CHANGE DUE TO NEW ACCOUNTING GUIDANCE		
SEPTEMBER 1, 2023, AS RESTATED	2,297,512	6,295,695
FUND BALANCES/NET POSITION - AUGUST 31, 2024	$ 3,098,329	$ 8,126,179

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 8,041,127	$ (34,501)	$ 8,006,626
	29,264		29,264
	343,414		343,414
71,072	538,214		538,214
$ 71,072	$ 8,952,019	$ (34,501)	$ 8,917,518
$	$ 197,267	$	$ 197,267
	614,125		614,125
	69,920		69,920
	54,438		54,438
11,300	584,653		584,653
		2,028,698	2,028,698
301	37,481		37,481
1,765,146	1,765,146	(1,765,146)	
108,596	108,596		108,596
	2,120,000	(2,120,000)	
	2,583,363	(14,626)	2,568,737
277,992	277,992		277,992
$ 2,163,335	$ 8,412,981	$ (1,871,074)	$ 6,541,907
$ (2,092,263)	$ 539,038	$ 1,836,573	$ 2,375,611
$ 2,820,000	$ 2,820,000	$ (2,820,000)	$
(16,712)	(16,712)	16,712	
16,410	16,410	(16,410)	
$ 2,819,698	$ 2,819,698	$ (2,819,698)	$ - 0 -
$ 727,435	$ 3,358,736	$ (3,358,736)	$
		2,375,611	2,375,611
1,135,580	9,728,787	(20,973,994)	(11,245,207)
		443,752	443,752
1,135,580	9,728,787	(20,530,242)	(10,801,455)
$ 1,863,015	$ 13,087,523	$ (21,513,367)	$ (8,425,844)

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2024

Net Change in Fund Balances - Governmental Funds	$ 3,358,736
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in governmental activities, revenue is recorded in the accounting period for which the taxes are levied.	(34,501)
Governmental funds do not account for depreciation of capital assets. However, in governmental activities, an expense is recorded.	(2,028,698)
Governmental funds report capital outlay as expenditures in the period purchased. In governmental activities, capital assets are increased by new purchases.	1,765,146
Bond premiums and bond discounts are amortized over the life of the bonds in governmental activities.	7,051
Governmental funds report bond principal payments as expenditures. However, in governmental activities, bond principal payments are reported as decreases in long-term liabilities.	2,120,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in governmental activities, interest is accrued on the long-term debt through fiscal year-end.	7,877
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in governmental activities.	(2,820,000)
Change in Net Position - Governmental Activities	$ 2,375,611

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

NOTE 1. CREATION OF DISTRICT

In an order dated March 15, 2011, the Texas Commission on Environmental Quality (the "Commission"), pursuant to a Petition of Lavon 593 Land Investment Partners, L.P., a prior developer of land in the District, granted the creation of Collin County Water Control and Improvement District No. 3. The District was granted road powers by Senate Bill 1852 (2013), codified at Chapter 9043, Texas Special District Local Laws Code. The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article 16, Section 59 and Article 3, Section 52 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is not empowered to fund parks and recreational facilities with taxes, independently or with one or more conservation and reclamation districts. The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. The District is subject to the continuing supervision of the Commission.

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 or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

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

General Fund – To account for maintenance tax revenues, service revenues, operating costs and administrative expenditures.

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable with 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

As of August 31, 2024, the Debt Service Fund owed the General Fund $8,815 for maintenance tax collections.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position and include land and improvements, utility systems, roads, landscape and hardscape. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Notes 6 and 10).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual budget is adopted for the General Fund by the District's Board of Directors 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

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

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The changes in bonds payable for the current fiscal year are summarized below:

	September 1, 2023	Additions	Retirements	August 31, 2024
Bonds Payable	$ 83,715,000	$ 2,820,000	$ 2,120,000	$ 84,415,000
Unamortized Discounts	(185,828)	(16,712)	(9,320)	(193,220)
Unamortized Premiums	365,756	16,410	16,069	366,097
Bonds Payable, Net	$ 83,894,928	$ 2,819,698	$ 2,126,749	$ 84,587,877

Amount Due Within One Year	$ 2,560,000
Amount Due After One Year	82,027,877
Bonds Payable, Net	$ 84,587,877

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2015 Road	Series 2016 Road	Series 2017 Utility
Amount Outstanding – August 31, 2024	$ 4,105,000	$ 4,960,000	$ 3,820,000
Interest Rates	3.00% - 4.25%	3.00% - 3.625%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2024/2040	September 15, 2024/2041	September 15, 2024/2042
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2025*	September 15, 2026*	September 15, 2027*

	Series 2017 Road	Series 2018 Road	Series 2019 Utility
Amount Outstanding – August 31, 2024	$ 4,090,000	$ 6,290,000	$ 9,785,000
Interest Rates	3.00% - 4.00%	3.00% - 5.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2024/2042	September 15, 2024/2043	September 15, 2024/2044
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2027*	September 15, 2028*	September 15, 2029*

* Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2015 term bonds maturing on September 15, 2031, 2033, 2036, and 2040, are subject to mandatory redemption beginning September 15, 2030, 2032, 2034, and 2037, respectively. Series 2016 term bonds maturing on September 15, 2041 are subject to mandatory redemption beginning on September 15, 2038. Series 2017 term bonds maturing on September 15, 2042, are subject to mandatory redemption beginning September 15, 2039. Series 2017 Road term bonds maturing on September 15, 2042, are subject to mandatory redemption beginning September 15, 2039. Series 2018 Road term bonds maturing on September 15, 2038, 2040, and 2043, are subject to mandatory redemption beginning on September 15, 2037, 2039, and 2041, respectively. Series 2019 term bonds maturing on September 15, 2042, and 2044 are subject to mandatory redemption beginning on September 15, 2041, and 2043, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020 Road	Series 2021 Utility	Series 2022 Road
Amount Outstanding – August 31, 2024	$ 11,195,000	$ 11,740,000	$ 11,440,000
Interest Rates	2.00% - 5.00%	2.00% - 5.00%	2.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2024/2045	September 15, 2024/2046	September 15, 2024/2047
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2025**	September 15, 2027**	September 15, 2027**

	Series 2023 Utility	Series 2023 Road
Amount Outstanding – August 31, 2024	$ 14,170,000	$ 2,820,000
Interest Rates	4.00% - 5.00%	4.25% - 7.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2024/2048	September 15, 2024/2048
Interest Payment Dates	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2029**	September 15, 2028**

** Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2020 Road term bonds maturing on September 15, 2042, and 2045 are subject to mandatory redemption beginning on September 15, 2041, and 2043, respectively. Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2021 term bonds maturing on September 15, 2042, 2044 and 2046 are subject to mandatory redemption beginning on September 15, 2041, 2043 and 2045, respectively. Series 2022 Road term bonds maturing on September 15, 2042, 2045 and 2047 are subject to mandatory redemption beginning on September 15, 2040, 2043 and 2046, respectively. Series 2023 Utility term bonds maturing on September 15, 2046 and 2048 are subject to mandatory redemption beginning on September 15, 2045 and 2047, respectively. Series 2023 Road term bonds maturing on September 15, 2039, 2046 and 2048 are subject to mandatory redemption beginning on September 15, 2037, 2045 and 2047, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The District has authorized but unissued bonds in the amount of $13,525,000 for roads and $44,690,000 for utilities. The District is also authorized to issue refunding bonds up to 1 ½ times the principal amount of bonds previously issued by the District. As of August 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 2,560,000	$ 2,631,055	$ 5,191,055
2026	2,640,000	2,481,399	5,121,399
2027	2,725,000	2,381,948	5,106,948
2028	2,820,000	2,290,924	5,110,924
2029	2,895,000	2,208,805	5,103,805
2030-2034	15,805,000	9,739,641	25,544,641
2035-2039	18,425,000	7,202,139	25,627,139
2040-2044	21,715,000	3,993,242	25,708,242
2045-2049	14,830,000	886,337	15,716,337
	$ 84,415,000	$ 33,815,490	$ 118,230,490

During the year ended August 31, 2024, the District levied an ad valorem debt service tax rate of $0.7280 per $100 of assessed valuation, which resulted in a tax levy of $6,251,551 on the adjusted taxable valuation of $858,680,941 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds. The District has also covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $583,542 and the bank balance was $673,096. Of the bank balance, $512,707 was covered by federal depository insurance and the remaining was covered by pledged collateral. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits as of year end are summarized in the following table:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 79,682	$	$ 79,682
DEBT SERVICE FUND	42,991	400,000	442,991
CAPITAL PROJECTS FUND	60,869		60,869
TOTAL DEPOSITS	$ 183,542	$ 400,000	$ 583,542

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."

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District records its investment in certificates of deposit at acquisition cost.

As of August 31, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities - Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,058,421	$ 3,058,421
DEBT SERVICE FUND		
TexPool	7,702,052	7,702,052
Certificate of Deposit	400,000	400,000
CAPITAL PROJECTS FUND		
TexPool	1,802,146	1,802,146
TOTAL INVESTMENTS	$ 12,962,619	$ 12,962,619

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	September 1, 2023*	Increases	Decreases	August 31, 2024
Capital Assets Not Being Depreciated				
Land and Improvements	$ 4,092,604	$ - 0 -	$ - 0 -	$ 4,092,604
Capital Assets Subject to Depreciation				
Water System	$ 17,700,788	$ 2,734,276	$	$ 20,435,064
Sanitary Sewer	13,307,243	3,538,474		16,845,717
Storm Drainage	7,376,043	1,769,237		9,145,280
Paving	31,553,929	4,294,945		35,848,874
Landscape and Hardscape	3,818,533	294,789		4,113,322
Total Capital Assets Subject to Depreciation	$ 73,756,536	$ 12,631,721	$ - 0 -	$ 86,388,257
Accumulated Depreciation				
Water System	$ 1,605,550	$ 397,092	$	$ 2,002,642
Sanitary Sewer	1,380,143	299,973		1,680,116
Storm Drainage	691,663	166,084		857,747
Paving	3,053,189	442,391		3,495,580
Landscape and Hardscape	2,058,928	723,158		2,782,086
Total Accumulated Depreciation	$ 8,789,473	$ 2,028,698	$ - 0 -	$ 10,818,171
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 64,967,063	$ 10,603,023	$ - 0 -	$ 75,570,086
Total Capital Assets, Net of Accumulated Depreciation	$ 69,059,667	$ 10,603,023	$ - 0 -	$ 79,662,690

* As restated

NOTE 6. CAPITAL ASSETS (Continued)

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets in accordance with GASB Statement No. 94. The reclassification of these assets from intangible to capital resulted in an adjustment to prior year accumulated depreciation of $443,752 which increased net position from ($11,245,207) to ($10,801,455).

NOTE 7. MAINTENANCE TAX

On November 8, 2011, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's systems and other operating and maintenance expenses. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.2106 per $100 of assessed valuation, which resulted in a tax levy of $1,808,484 on the adjusted taxable valuation of $858,680,941 for the 2023 tax year.

On November 5, 2013, the voters of the District authorized, among other things, the Board to levy a maintenance tax not to exceed $1.20 per $100 of taxable assessed valuation for the operation and maintenance of macadamized, graveled, or paved roads, or improvements including storm drainage, in aid of those roads, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Article III, Section 52(b)(3) of the Texas Constitution, and Section 49.107 of the Texas Water Code.

NOTE 8. UNREIMBURSED DEVELOPER COSTS

The District and the Developers have entered into agreements which require the Developers to fund costs associated with water, wastewater and drainage facilities, roads and operating advances. Reimbursement to the Developers for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds. Current year activity is summarized in the following table:

Due to Developers, September 1, 2023	$ 4,454,095
Plus: Current Year Additions	12,580,436
Less: Current Year Reimbursements	(1,713,861)
Due to Developers, August 31, 2024	$ 15,320,670

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and there have been no settlements in the current fiscal year.

NOTE 10. CONTRACT WITH WYLIE NORTHEAST SUD

The Wylie Northeast Special Utility District ("Wylie Northeast SUD"), a political subdivision of the State of Texas created under the authority of Section 59, Article XVI of the State Constitution, is the retail provider of water and sanitary sewer services to the District pursuant to an assigned Non-Standard Service Contract with Wylie Northeast SUD (the "Contract") from Hanover Property Company. The original agreement was executed on September 3, 2008, and amendments were subsequently executed on October 14, 2014, April 12, 2016, and May 10, 2022. Pursuant to the Contract, Wylie Northeast SUD pledges to deliver certain water supply and wastewater services as required to serve the needs of the property owners within the District. The District conveys its rights, title and interest to and maintenance, operation and repair obligations for the water and wastewater systems to Wylie Northeast SUD pursuant to the Contract.

<u>Water Supply</u>

The District obtains water from the Wylie Northeast SUD. Pursuant to the Contract, the District has rights to develop up to approximately 2,200 equivalent single family residential connections ("ESFC") for water. This is estimated to provide water for 2,172 single family residential homes, one amenity center and approximately 6.1 acres of commercial development.

Wylie Northeast SUD holds the Water Certificate of Convenience and Necessity ("CCN") No. 10192 originally issued by the Commission. North Texas Municipal Water District ("NTMWD") supplies water to Wylie Northeast SUD via an existing wholesale water supply contract. Jurisdiction over water and sewer CCN was transferred to the Public Utility Commission of Texas effective September 1, 2014.

Wylie Northeast SUD charges a Water Connection Fee which includes a standard residential meter to be installed by Wylie Northeast SUD and reflects all administrative, equipment, water system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer is required to install a meter vault, tap, meter riser with appurtenances and service line for all service connections during the construction of the lots. The Developer pays a deposit to Wylie Northeast SUD for each water service ESFC.

NOTE 10. CONTRACT WITH WYLIE NORTHEAST SUD (Continued)

Wastewater Treatment

The District obtains wastewater service from Wylie Northeast SUD. Wylie Northeast SUD has also been issued a permit to construct a wastewater treatment plant to service the District, subject to certain conditions. Wylie Northeast SUD holds the Sewer CCN No. 21056 issued by the Commission.

Wylie Northeast SUD charges a Wastewater Connection fee which reflects all administrative, equipment, wastewater system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer installs all customer equipment, facilities, and appurtenances necessary for Wylie Northeast SUD to provide retail sewer service to each sewer connection in the District. The Developers pay a deposit to Wylie Northeast SUD for each sewer service ESFC.

Wylie Northeast SUD includes solid waste disposal charges to District customers on the monthly bills and then remits the collections to the District on a monthly basis. The District contracts with a provider of waste disposal services.

NOTE 11. BOND SALE

On November 15, 2023, the District closed on the sale of its Unlimited Tax Road Bonds, Series 2023 for $2,820,000. Proceeds from the bond sale were used to reimburse developers for construction and engineering costs related to grading, paving and related road improvements serving Inspiration Phases 4B, 6, 7A, 7B, 8A, 8B, 9 and Inspiration Boulevard. Additional proceeds were used to pay for developer interest and bond issuance costs.

NOTE 12. SUBSEQUENT EVENT – PENDING BOND SALE

In the first quarter of 2025, the District plans to close on the sale of its Unlimited Tax Road Bonds, Series 2025 for $9,170,000. Proceeds from the bond sale will be used to reimburse developers for construction and engineering costs related to grading, paving and related road improvements serving Inspiration Phase 10 and Osage Lane as well as right-of-way acquisitions. Bond proceeds will also be used to pay for developer interest and bond issuance costs.

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COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2024

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 1,786,530	$ 1,804,242	$ 17,712
Garbage Revenues	300,000	343,414	43,414
Investment and Miscellaneous Revenues	87,500	148,474	60,974
TOTAL REVENUES	$ 2,174,030	$ 2,296,130	$ 122,100
EXPENDITURES			
Service Operations:			
Professional Fees	$ 217,000	$ 192,589	$ 24,411
Contracted Services	502,000	568,373	(66,373)
Purchased Services	79,200	69,920	9,280
Utilities	80,000	54,438	25,562
Repairs, Maintenance, and Capital Outlay	121,800	573,353	(451,553)
Other	35,870	36,640	(770)
TOTAL EXPENDITURES	$ 1,035,870	$ 1,495,313	$ (459,443)
NET CHANGE IN FUND BALANCE	$ 1,138,160	$ 800,817	$ (337,343)
FUND BALANCE - SEPTEMBER 1, 2023	2,297,512	2,297,512	
FUND BALANCE - AUGUST 31, 2024	$ 3,435,672	$ 3,098,329	$ (337,343)

See accompanying independent auditor's report.

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COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2024

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

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

____	Retail Water	____	Wholesale Water	X	Drainage
____	Retail Wastewater	____	Wholesale Wastewater	____	Irrigation
____	Parks/Recreation	____	Fire Protection	X	Security
X	Solid Waste/Garbage	____	Flood Control	X	Roads

____ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

____ Other (specify): ________________________________

2. RETAIL SERVICE PROVIDERS

Water and wastewater services are provided by the Wylie Northeast Special Utility District (see Note 10).

3. 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 extraterritorial jurisdiction (ETJ)?

Entirely ____ Partly __X__ Not at all ____

ETJ's in which District is located:

City of Lucas, Texas; City of Wylie, Texas; and Town of St. Paul, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No __X__

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

PROFESSIONAL FEES:		
Auditing	$	17,000
Engineering		111,284
Legal		64,305
TOTAL PROFESSIONAL FEES	$	192,589
PURCHASED SERVICES	$	69,920
CONTRACTED SERVICES:		
Bookkeeping	$	11,334
Security		170,952
General Manager		18,030
Solid Waste Disposal		368,057
TOTAL CONTRACTED SERVICES	$	568,373
UTILITIES	$	54,438
REPAIRS AND MAINTENANCE	$	573,353
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	14,512
Insurance		5,393
Website and Other		16,735
TOTAL ADMINISTRATIVE EXPENDITURES	$	36,640
TOTAL EXPENDITURES	$	1,495,313

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
INVESTMENTS
AUGUST 31, 2024

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 3,058,421	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0002	Varies	Daily	$ 3,321,490	$
TexPool	XXXX0003	Varies	Daily	4,380,562	
Certificate of Deposit	XXXX0696	5.64%	10/22/24	400,000	7,896
TOTAL DEBT SERVICE FUND				$ 8,102,052	$ 7,896
CAPITAL PROJECTS FUND					
TexPool	XXXX0004	Varies	Daily	$ 1,068,412	$
TexPool	XXXX0005	Varies	Daily	733,734	
TOTAL CAPITAL PROJECTS FUND				$ 1,802,146	$ - 0 -
TOTAL - ALL FUNDS				$ 12,962,619	$ 7,896

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2023	$ 8,067		$ 26,434	
Adjustments to Beginning Balance	(12,309)	$ (4,242)	(41,100)	$ (14,666)
Original 2023 Tax Levy	$ 1,676,431		$ 5,795,072	
Adjustment to 2023 Tax Levy	132,053	1,808,484	456,479	6,251,551
TOTAL TO BE ACCOUNTED FOR		$ 1,804,242		$ 6,236,885
TAX COLLECTIONS:				
Prior Years	$		$	
Current Year	1,804,242	1,804,242	6,236,885	6,236,885
TAXES RECEIVABLE - AUGUST 31, 2024		$ -0-		$ -0-
TAXES RECEIVABLE BY YEAR:				
2023		$ 4,242		$ 14,666
2022 and prior tax levies		(4,242)		(14,666)
TOTAL		$ -0-		$ -0-

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	$ 282,443,257	$ 205,412,319	$ 163,155,814	$ 118,091,910
Improvements	705,966,965	440,053,095	329,629,084	262,289,906
Personal Property	6,579,635	6,506,541	5,367,970	3,872,837
Exemptions	(136,308,916)	(32,665,012)	(31,606,510)	(25,686,437)
TOTAL PROPERTY VALUATIONS	$ 858,680,941	$ 619,306,943	$ 466,546,358	$ 358,568,216
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.7280	$ 0.7756	$ 0.7618	$ 0.7719
Maintenance	0.2106	0.2244	0.2382	0.2281
TOTAL TAX RATES PER $100 VALUATION	$ 0.9386	$ 1.0000	$ 1.0000	$ 1.0000
ADJUSTED TAX LEVY*	$ 8,060,035	$ 6,193,070	$ 4,665,463	$ 3,585,682
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.77 %	100.00 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of $1.20 per $100 assessed valuation approved by voters on November 8, 2011.

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2015 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 165,000	$ 160,019	$ 325,019
2026	170,000	154,781	324,781
2027	175,000	148,956	323,956
2028	185,000	142,656	327,656
2029	195,000	135,884	330,884
2030	200,000	128,600	328,600
2031	210,000	120,650	330,650
2032	220,000	112,050	332,050
2033	235,000	102,950	337,950
2034	245,000	93,350	338,350
2035	255,000	83,191	338,191
2036	270,000	72,362	342,362
2037	285,000	60,916	345,916
2038	300,000	48,662	348,662
2039	315,000	35,594	350,594
2040	330,000	21,888	351,888
2041	350,000	7,438	357,438
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 4,105,000	$ 1,629,947	$ 5,734,947

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2016 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 200,000	$ 164,681	$ 364,681
2026	205,000	158,607	363,607
2027	210,000	152,381	362,381
2028	215,000	146,006	361,006
2029	220,000	139,481	359,481
2030	230,000	132,588	362,588
2031	235,000	125,175	360,175
2032	240,000	117,456	357,456
2033	245,000	109,422	354,422
2034	255,000	100,984	355,984
2035	265,000	92,044	357,044
2036	270,000	82,681	352,681
2037	280,000	73,056	353,056
2038	285,000	63,169	348,169
2039	295,000	52,835	347,835
2040	305,000	41,960	346,960
2041	315,000	30,722	345,722
2042	690,000	12,506	702,506
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 4,960,000	$ 1,795,754	$ 6,755,754

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2017 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 150,000	$ 134,781	$ 284,781
2026	155,000	130,206	285,206
2027	160,000	125,481	285,481
2028	165,000	120,606	285,606
2029	170,000	115,475	285,475
2030	175,000	109,975	284,975
2031	180,000	104,093	284,093
2032	185,000	97,819	282,819
2033	190,000	91,256	281,256
2034	195,000	84,396	279,396
2035	200,000	77,237	277,237
2036	210,000	69,675	279,675
2037	210,000	61,800	271,800
2038	225,000	53,644	278,644
2039	230,000	45,113	275,113
2040	240,000	36,000	276,000
2041	240,000	26,400	266,400
2042	255,000	16,500	271,500
2043	285,000	5,700	290,700
2044			
2045			
2046			
2047			
2048			
2049			
	$ 3,820,000	$ 1,506,157	$ 5,326,157

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES - 2017 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 130,000	$ 148,100	$ 278,100
2026	135,000	144,125	279,125
2027	140,000	140,000	280,000
2028	145,000	135,725	280,725
2029	145,000	131,284	276,284
2030	150,000	126,581	276,581
2031	155,000	121,528	276,528
2032	165,000	116,025	281,025
2033	165,000	110,250	275,250
2034	175,000	104,190	279,190
2035	180,000	97,756	277,756
2036	185,000	91,025	276,025
2037	195,000	83,900	278,900
2038	200,000	76,494	276,494
2039	205,000	68,772	273,772
2040	215,000	60,500	275,500
2041	230,000	51,600	281,600
2042	235,000	42,300	277,300
2043	940,000	18,800	958,800
2044			
2045			
2046			
2047			
2048			
2049			
	$ 4,090,000	$ 1,868,955	$ 5,958,955

See accompanying independent auditor’s report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	S E R I E S - 2 0 1 8 R O A D		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 215,000	$ 215,544	$ 430,544
2026	225,000	206,794	431,794
2027	230,000	199,969	429,969
2028	240,000	192,919	432,919
2029	245,000	185,644	430,644
2030	255,000	178,144	433,144
2031	265,000	170,344	435,344
2032	275,000	162,072	437,072
2033	285,000	153,143	438,143
2034	300,000	143,450	443,450
2035	310,000	132,962	442,962
2036	325,000	121,850	446,850
2037	335,000	110,300	445,300
2038	350,000	97,875	447,875
2039	365,000	84,468	449,468
2040	380,000	70,500	450,500
2041	395,000	55,968	450,968
2042	415,000	40,781	455,781
2043	430,000	24,937	454,937
2044	450,000	8,438	458,438
2045			
2046			
2047			
2048			
2049			
	$ 6,290,000	$ 2,556,102	$ 8,846,102

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2019 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 350,000	$ 238,137	$ 588,137
2026	360,000	231,037	591,037
2027	370,000	223,737	593,737
2028	375,000	216,287	591,287
2029	390,000	208,637	598,637
2030	400,000	200,737	600,737
2031	410,000	192,637	602,637
2032	415,000	184,387	599,387
2033	435,000	175,616	610,616
2034	435,000	166,100	601,100
2035	455,000	155,803	610,803
2036	465,000	144,588	609,588
2037	480,000	132,475	612,475
2038	490,000	119,744	609,744
2039	510,000	106,300	616,300
2040	520,000	92,138	612,138
2041	540,000	77,563	617,563
2042	555,000	62,159	617,159
2043	575,000	45,916	620,916
2044	615,000	28,425	643,425
2045	640,000	9,600	649,600
2046			
2047			
2048			
2049			
	$ 9,785,000	$ 3,012,023	$ 12,797,023

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2020 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 250,000	$ 241,456	$ 491,456
2026	250,000	232,706	482,706
2027	255,000	227,656	482,656
2028	255,000	222,556	477,556
2029	260,000	217,406	477,406
2030	255,000	212,256	467,256
2031	260,000	207,106	467,106
2032	260,000	201,906	461,906
2033	255,000	196,756	451,756
2034	260,000	191,606	451,606
2035	260,000	186,406	446,406
2036	260,000	181,206	441,206
2037	260,000	176,006	436,006
2038	265,000	170,756	435,756
2039	265,000	165,457	430,457
2040	270,000	160,107	430,107
2041	265,000	154,756	419,756
2042	265,000	149,291	414,291
2043	270,000	143,606	413,606
2044	1,520,000	123,639	1,643,639
2045	2,015,000	83,869	2,098,869
2046	2,720,000	30,600	2,750,600
2047			
2048			
2049			
	$ 11,195,000	$ 3,877,109	$ 15,072,109

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2021 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 375,000	$ 269,456	$ 644,456
2026	390,000	250,331	640,331
2027	400,000	230,581	630,581
2028	410,000	216,481	626,481
2029	420,000	208,181	628,181
2030	435,000	199,631	634,631
2031	445,000	190,831	635,831
2032	455,000	181,831	636,831
2033	470,000	172,581	642,581
2034	480,000	163,081	643,081
2035	490,000	153,381	643,381
2036	505,000	143,432	648,432
2037	515,000	133,232	648,232
2038	530,000	122,450	652,450
2039	545,000	111,028	656,028
2040	555,000	99,341	654,341
2041	570,000	87,388	657,388
2042	585,000	75,116	660,116
2043	600,000	62,525	662,525
2044	615,000	49,616	664,616
2045	635,000	36,335	671,335
2046	650,000	22,275	672,275
2047	665,000	7,481	672,481
2048			
2049			
	$ 11,740,000	$ 3,186,585	$ 14,926,585

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES - 2022 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 360,000	$ 287,850	$ 647,850
2026	380,000	269,350	649,350
2027	395,000	249,975	644,975
2028	415,000	235,950	650,950
2029	420,000	227,600	647,600
2030	425,000	219,150	644,150
2031	430,000	210,600	640,600
2032	440,000	201,900	641,900
2033	445,000	193,050	638,050
2034	455,000	184,050	639,050
2035	460,000	174,613	634,613
2036	465,000	164,494	629,494
2037	480,000	153,863	633,863
2038	485,000	143,006	628,006
2039	490,000	131,731	621,731
2040	505,000	119,600	624,600
2041	515,000	106,850	621,850
2042	520,000	93,913	613,913
2043	525,000	80,850	605,850
2044	540,000	67,200	607,200
2045	545,000	52,959	597,959
2046	555,000	38,522	593,522
2047	590,000	23,494	613,494
2048	600,000	7,875	607,875
2049			
	$ 11,440,000	$ 3,638,445	$ 15,078,445

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	SERIES-2023 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 295,000	$ 581,906	$ 876,906
2026	310,000	566,781	876,781
2027	325,000	550,906	875,906
2028	345,000	534,157	879,157
2029	360,000	516,532	876,532
2030	380,000	498,032	878,032
2031	400,000	480,532	880,532
2032	415,000	464,232	879,232
2033	440,000	447,132	887,132
2034	460,000	429,131	889,131
2035	485,000	410,231	895,231
2036	510,000	390,331	900,331
2037	535,000	369,431	904,431
2038	560,000	347,531	907,531
2039	590,000	324,531	914,531
2040	615,000	300,431	915,431
2041	650,000	275,131	925,131
2042	680,000	248,531	928,531
2043	715,000	220,631	935,631
2044	750,000	191,331	941,331
2045	790,000	160,531	950,531
2046	825,000	128,231	953,231
2047	870,000	94,331	964,331
2048	910,000	58,162	968,162
2049	955,000	19,697	974,697
	$ 14,170,000	$ 8,608,403	$ 22,778,403

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	S E R I E S - 2 0 2 3 R O A D		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2025	$ 70,000	$ 189,125	$ 259,125
2026	60,000	136,681	196,681
2027	65,000	132,306	197,306
2028	70,000	127,581	197,581
2029	70,000	122,681	192,681
2030	75,000	118,638	193,638
2031	80,000	115,344	195,344
2032	85,000	111,838	196,838
2033	85,000	108,172	193,172
2034	90,000	104,287	194,287
2035	95,000	100,125	195,125
2036	100,000	95,738	195,738
2037	105,000	90,994	195,994
2038	110,000	85,750	195,750
2039	115,000	80,125	195,125
2040	125,000	74,125	199,125
2041	130,000	67,750	197,750
2042	135,000	61,125	196,125
2043	140,000	54,250	194,250
2044	150,000	47,000	197,000
2045	155,000	39,375	194,375
2046	165,000	31,375	196,375
2047	175,000	22,875	197,875
2048	180,000	14,000	194,000
2049	190,000	4,750	194,750
	$ 2,820,000	$ 2,136,010	$ 4,956,010

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	$ 2,560,000	$ 2,631,055	$ 5,191,055
2026	2,640,000	2,481,399	5,121,399
2027	2,725,000	2,381,948	5,106,948
2028	2,820,000	2,290,924	5,110,924
2029	2,895,000	2,208,805	5,103,805
2030	2,980,000	2,124,332	5,104,332
2031	3,070,000	2,038,840	5,108,840
2032	3,155,000	1,951,516	5,106,516
2033	3,250,000	1,860,328	5,110,328
2034	3,350,000	1,764,625	5,114,625
2035	3,455,000	1,663,749	5,118,749
2036	3,565,000	1,557,382	5,122,382
2037	3,680,000	1,445,973	5,125,973
2038	3,800,000	1,329,081	5,129,081
2039	3,925,000	1,205,954	5,130,954
2040	4,060,000	1,076,590	5,136,590
2041	4,200,000	941,566	5,141,566
2042	4,335,000	802,222	5,137,222
2043	4,480,000	657,215	5,137,215
2044	4,640,000	515,649	5,155,649
2045	4,780,000	382,669	5,162,669
2046	4,915,000	251,003	5,166,003
2047	2,300,000	148,181	2,448,181
2048	1,690,000	80,037	1,770,037
2049	1,145,000	24,447	1,169,447
	$ 84,415,000	$ 33,815,490	$ 118,230,490

See accompanying independent auditor’s report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2024

Description	Original Bonds Issued	Bonds Outstanding September 1, 2023
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2015	$ 5,110,000	$ 4,265,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2016	6,070,000	5,150,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2017	4,700,000	3,975,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2017	4,695,000	4,215,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2018	7,100,000	6,500,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2019	11,000,000	10,120,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2020	11,895,000	11,435,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2021	12,440,000	12,100,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2022	11,785,000	11,785,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Bonds - Series 2023	14,170,000	14,170,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2023	2,820,000	
	$ 91,785,000	$ 83,715,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding August 31, 2024	Paying Agent
$	$ 160,000	$ 164,894	$ 4,105,000	Amegy Bank, N.A. Plano, TX
	190,000	169,581	4,960,000	Amegy Bank, N.A. Plano, TX
	155,000	139,356	3,820,000	Amegy Bank, N.A. Plano, TX
	125,000	151,925	4,090,000	Amegy Bank, N.A. Plano, TX
	210,000	227,219	6,290,000	Amegy Bank, N.A. Houston, TX
	335,000	244,988	9,785,000	Amegy Bank, N.A. Houston, TX
	240,000	253,706	11,195,000	Amegy Bank, N.A. Houston, TX
	360,000	287,831	11,740,000	Amegy Bank, N.A. Houston, TX
	345,000	305,475	11,440,000	Amegy Bank, N.A. Houston, TX
		638,388	14,170,000	Amegy Bank, N.A. Houston, TX
2,820,000			2,820,000	Amegy Bank, N.A. Houston, TX
$ 2,820,000	$ 2,120,000	$ 2,583,363	$ 84,415,000	

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2024

Bond Authority:	Utilities Refunding Bonds	Road Refunding Bonds	Utilities Bonds	Road Bonds
Amount Authorized by Voters	$ 130,500,000	$ 94,500,000	$ 87,000,000	$ 63,000,000
Amount Issued			42,310,000	49,475,000
Remaining to be Issued	$ 130,500,000	$ 94,500,000	$ 44,690,000	$ 13,525,000

Average annual debt service payment for remaining term of all bond debt:	$ 4,729,220
Debt Service Fund cash and investment balances as of August 31, 2024:	$ 8,145,043

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

See accompanying independent auditor's report.

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COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 1,804,242	$ 1,392,934	$ 1,103,419
Garbage Revenues	343,414	301,210	253,243
Investment and Miscellaneous Revenues	148,474	84,719	7,669
TOTAL REVENUES	$ 2,296,130	$ 1,778,863	$ 1,364,331
EXPENDITURES			
Professional Fees	$ 192,589	$ 171,848	$ 180,815
Contracted Services	568,373	496,642	259,896
Purchased Services	69,920	152,031	67,312
Utilities	54,438	61,084	54,439
Repairs and Maintenance	573,353	113,173	75,536
Other	36,640	19,156	18,298
Capital Outlay			1,400,000
TOTAL EXPENDITURES	$ 1,495,313	$ 1,013,934	$ 2,056,296
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 800,817	$ 764,929	$ (691,965)
OTHER FINANCING SOURCES			
Transfers In	$	$	$ 74,600
Developer Advances			1,400,000
TOTAL OTHER FINANCING SOURCES	$ - 0 -	$ -0-	$ 1,474,600
NET CHANGE IN FUND BALANCE	$ 800,817	$ 764,929	$ 782,635
BEGINNING FUND BALANCE	2,297,512	1,532,583	749,948
ENDING FUND BALANCE	$ 3,098,329	$ 2,297,512	$ 1,532,583

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
$ 816,144	$ 627,087	78.5 %	78.3 %	80.8 %	78.8 %	68.7 %
216,108	162,669	15.0	16.9	18.6	20.9	17.8
2,594	122,873	6.5	4.8	0.6	0.3	13.5
$ 1,034,846	$ 912,629	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 137,016	$ 109,395	8.4 %	9.7 %	13.3 %	13.2 %	12.0 %
214,260	201,816	24.8	27.9	19.0	20.7	22.1
67,088	64,370	3.0	8.5	4.9	6.5	7.1
79,770	80,128	2.4	3.4	4.0	7.7	8.8
76,353	98,176	25.0	6.4	5.5	7.4	10.8
91,964	27,649	1.6	1.1	1.3	8.9	3.0
34,406	57,424			102.6	3.3	6.3
$ 700,857	$ 638,958	65.2 %	57.0 %	150.6 %	67.7 %	70.1 %
$ 333,989	$ 273,671	34.8 %	43.0 %	(50.6) %	32.3 %	29.9 %
$ 11,525	$ 77,925					
$ 11,525	$ 77,925					
$ 345,514	$ 351,596					
404,434	52,838					
$ 749,948	$ 404,434					

See accompanying independent auditor’s report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 6,236,885	$ 4,813,991	$ 3,531,153
Penalty and Interest	29,264	27,939	19,774
Investment and Miscellaneous Revenues	318,668	205,541	12,753
TOTAL REVENUES	$ 6,584,817	$ 5,047,471	$ 3,563,680
EXPENDITURES			
Tax Collection Expenditures	$ 46,770	$ 58,271	$ 34,403
Debt Service Principal	2,120,000	1,720,000	1,320,000
Debt Service Interest and Fees	2,587,563	2,053,848	1,579,503
TOTAL EXPENDITURES	$ 4,754,333	$ 3,832,119	$ 2,933,906
EXCESS OF REVENUES OVER EXPENDITURES	$ 1,830,484	$ 1,215,352	$ 629,774
OTHER FINANCING SOURCES			
Proceeds from Issuance of Long-Term Debt	$ - 0 -	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 1,830,484	$ 1,215,352	$ 629,774
BEGINNING FUND BALANCE	6,295,695	5,080,343	4,450,569
ENDING FUND BALANCE	$ 8,126,179	$ 6,295,695	$ 5,080,343
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** Water and wastewater services are provided by the Wylie Northeast Special Utility District (see Note 10).

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
$ 2,762,261	$ 2,328,802	94.8 %	95.3 %	99.0 %	99.2 %	97.4 %
13,650	15,476	0.4	0.6	0.6	0.5	0.6
7,516	48,959	4.8	4.1	0.4	0.3	2.0
$ 2,783,427	$ 2,393,237	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 30,716	$ 27,856	0.7 %	1.1 %	1.0 %	1.1 %	1.2 %
1,045,000	575,000	32.2	34.1	37.0	37.5	24.0
1,345,859	1,089,676	39.3	40.7	44.3	48.4	45.5
$ 2,421,575	$ 1,692,532	72.2 %	75.9 %	82.3 %	87.0 %	70.7 %
$ 361,852	$ 700,705	27.8 %	24.1 %	17.7 %	13.0 %	29.3 %
$ -0-	$ 616,195					
$ 361,852	$ 1,316,900					
4,088,717	$ 2,771,817					
$ 4,450,569	$ 4,088,717					
**	**					
**	**					

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

District Mailing Address	-	Collin County Water Control and Improvement District No. 3 c/o Coats Rose, P.C. 16000 North Dallas Parkway, Suite 350 Dallas, TX 75248
District Telephone Number	-	(972) 788-1600

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2024	Expense Reimbursements for the year ended August 31, 2024	Title
Tommy Thomas	05/22 05/26 (Elected)	$ 2,873	$ 253	President
Mike Reynolds	04/22 05/26 (Appointed)	$ 2,873	$ 35	Vice President
Traci Miller	05/22 05/26 (Elected)	$ 2,431	$ 125	Secretary
Ron Dawes	05/24 05/28 (Elected)	$ 663	$ 57	Assistant Secretary
Gary Moore	05/24 05/28 (Elected)	$ 663	$ 19	Assistant Secretary
Mike Reil	05/20 05/24 (Elected)	$ 2,210	$ 239	Former Director
Jessica Puckett	12/21 05/24 (Appointed)	$ 1,768	$ 90	Former Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants. The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. Submission date of most recent District Registration Form: June 18, 2024

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

Consultants:	Date Hired	Fees for the year ended August 31, 2024	Title
Coats Rose, P.C.	08/30/11	$ 64,305	General Counsel/
		$ 87,901	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/17/15	$ 17,000	Auditor
		$ 17,500	Bond Related
L & S District Services, LLC	04/12/16	$ 11,334	Bookkeeper
		$ 900	Bond Related
Debra Loggins	10/27/18	$ -0-	Investment Officer
LJA Engineering	02/12/19	$ 85,837	Engineer
Jones-Heroy & Associates, Inc.	02/12/19	$ -0-	Bond Engineer
Hilltop Securities Inc.	06/11/14	$ 62,328	Financial Advisor

See accompanying independent auditor's report.

APPENDIX B

Form of Bond Counsel's Opinion

February 12, 2025

WE HAVE ACTED as bond counsel in connection with the issuance by Collin County Water Control and Improvement District No. 3 (the "District") of its bonds styled "Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds, Series 2025" (the "Bonds") dated January 15, 2025, issued in the aggregate principal amount of $9,170,000, maturing on September 15 in the years 2030 through 2050. The Bonds maturing in the years 2031 and thereafter are subject to redemption prior to maturity on September 15, 2030, or on any date thereafter, for the par value thereof plus accrued and unpaid interest to the date of redemption.

THE BONDS BEAR INTEREST from January 15, 2025 or from the most recent interest payment date to which interest has been paid or duly provided for with such interest being payable on September 15, 2025 and semiannually thereafter on each March 15 and September 15 thereafter to maturity, at the following interest rates for the respective maturity dates of the Bonds:

Principal Amount	Year of Maturity	Interest Rate
$280,000	2031	4.000%
$290,000	2032	4.000%
$295,000	2033	4.000%
$300,000	2034	4.000%
$310,000	2035	4.000%
$320,000	2036	4.000%
$330,000	2037	4.000%
$340,000	2038	4.000%
$345,000	2039	4.000%
$355,000	2040	4.000%
$375,000	2041	4.000%
$390,000	2042	4.125%
$395,000	2043	4.125%
$410,000	2044	4.250%
$425,000	2045	4.250%
$445,000	2046	4.250%
$465,000	2047	4.250%
$490,000	2048	4.250%
$510,000	2049	4.250%
$535,000	2050	4.250%

The Term Bonds are subject to mandatory redemption on September 15 in the years and in the amounts set forth below (subject to reduction by optional redemption as herein provided) at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption plus accrued interest to the date fixed for redemption:

$1,565,000
Term Bond

Due: September 15, 2030
Interest Rate: 7.000%

Principal Amount	Redemption Date
$335,000	September 15, 2025
$215,000	September 15, 2026
$235,000	September 15, 2027
$250,000	September 15, 2028
$260,000	September 15, 2029
$270,000	September 15, 2030

Said interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months, and shall be payable on September 15, 2025, and semi-annually thereafter on March 15 and September 15 of each year until maturity of the pertinent Bond.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of materials pertaining to the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Board of Directors of the District, including, among other things, an order authorizing the issuance of the Bonds (the "Bond Order"), together with certificates of officers, agents and representatives of the District and other documents relating to the authorization and issuance of the Bonds. We have also reviewed and examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, court decisions, and rulings of the Internal Revenue Service and such other materials as we deemed necessary to render the opinions hereinafter expressed.

BASED ON SUCH EXAMINATION, WE ARE OF THE OPINION THAT:

1. The Bonds have been duly authorized and issued in conformity with the Constitution and laws of the State of Texas now in force and are valid and legally binding obligations of the District, enforceable in accordance with the terms and conditions set forth therein, except to the extent that the enforcement of the rights and remedies of the holders of the Bonds may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

2. The Bonds are payable, as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, on all taxable property in the District that is not exempt from taxation by or under applicable law. Furthermore, the District is required to

levy and assess, for each year while any of the Bonds are outstanding, an ad valorem tax on all taxable property within the District sufficient to pay interest on and the maturing principal of the Bonds, and the expenses of assessing and collecting such tax, as provided in the Bond Order.

3. Interest on the Bonds is excludable from gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to section 103 of the Code and existing regulations, court decisions, and rulings, assuming continuing compliance by the District with the provisions of the Bond Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

In providing the foregoing opinions, we have relied upon representations of the District with respect to matters solely within the knowledge of the District, which we have not independently verified, and we have assumed the accuracy and completeness of, and the District's continuing compliance with, the representations and covenants contained in the Bond Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing provisions of the Bond Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion with respect to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. The law upon which this opinion is based is subject to change by the Congress and the Department of the Treasury and by subsequent judicial and administrative interpretation. There can be no assurance that such law or the interpretation thereof will not be changed in a manner that would adversely affect the tax treatment of ownership of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to financial institutions, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, owners of interests in a FASIT, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

APPENDIX C

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

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

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

ASSURED GUARANTY INC.

By ____________________________________
Authorized Officer

Municipal Advisory Services
Provided By

HilltopSecurities
Investment Banking Solutions