

**Amendment Dated May 20, 2022
To
Official Statement Dated April 28, 2022**

**\$6,950,000
RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
(Political Subdivision of the State of Texas, located within Montgomery County)
UNLIMITED TAX BONDS,
SERIES 2022**

The Official Statement is hereby amended by amending and restating SOURCES AND USES OF FUNDS on page 14. The following information is provided as a replacement.

| CONSTRUCTION COSTS | District's Share |
|---|--------------------|
| A. Developer Contribution Items | \$0 |
| B. District Items | |
| 1. Water Plant No. 2 Recoating | \$228,500 |
| 2. Water Plant No. 3 Electrical Upgrades | 97,500 |
| 3. Fire Hydrant & Valve Survey & Rehabilitation | 203,075 |
| 4. WWTP Rehabilitation Phase 1 | 362,850 |
| 5. WWTP Electrical Upgrades | 236,000 |
| 6. Wastewater Sewer Clean & Televis | 361,066 |
| 7. Wastewater Sewer Rehabilitation Phase 1 | 404,811 |
| 8. Wastewater Sewer Rehabilitation Phase 2 | 406,525 |
| 9. Wastewater Sewer Rehabilitation Phase 3 | 398,725 |
| 10. Wastewater Manhole Rehabilitation Phase 1 | 420,000 |
| 11. Stormwater System Clean & Televis | 46,384 |
| 12. Stormwater System Rehabilitation Phase 1 | 468,800 |
| 13. Stormwater System Rehabilitation Phase 2 | 453,450 |
| 14. East Ditch Survey & Evaluation | 50,000 |
| 15. Mosswood Ditch Rehabilitation Phase 1 | 559,825 |
| 16. Contingencies for Items No. 1-15 (10%) | 469,751 |
| 17. Engineering for Items No. 1-15 (15%) | 775,089 |
| NET CONSTRUCTION COSTS | \$5,942,351 |
| NONCONSTRUCTION COSTS | |
| A. Legal Fees | \$208,500 |
| B. Financial Advisor Fees | 139,000 |
| C. Interest | |
| 1. Capitalized Interest | 302,225 |
| D. Bond Discount | 208,087 |
| E. Bond Issuance Expenses | 35,366 |
| F. TCEQ Bond Issue Fee | 17,375 |
| G. Bond Application | 55,000 |
| H. Attorney General Fee | 6,950 |
| I. Contingency | 35,146 |
| TOTAL NON-CONSTRUCTION COSTS | \$1,007,649 |
| TOTAL BOND ISSUE REQUIREMENT | \$6,950,000 |

OFFICIAL STATEMENT DATED APRIL 28, 2022

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

The District will designate the Bonds as “qualified tax-exempt obligations.” See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry-Only

RATINGS: (BAM Insured)“AA”
See “MUNICIPAL BOND RATING” and
“MUNICIPAL BOND INSURANCE RATING” herein

\$6,950,000

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

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

UNLIMITED TAX BONDS, SERIES 2022

Dated: Date of Delivery (defined below)

Due: September 1, as shown below

River Plantation Municipal Utility District (the “District”) is issuing its Unlimited Tax Bonds, Series 2022 (the “Bonds”) in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. Principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent/Registrar”). Interest accrues from the Date of Delivery, and is payable on March 1, 2023 and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds will be payable by check or draft, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to the registered owners as shown on the bond register kept by the Paying Agent/Registrar (the “Registered Owners”) on the fifteenth day of the month prior to each Interest Payment Date (the “Record Date”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

The Bonds will be registered 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 as described herein. See “THE BONDS – Book-Entry-Only System.”



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See “MUNICIPAL BOND INSURANCE” herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

| Due (September 1) | Principal Amount | Interest Rate ^(a) | Initial Reoffering Yield ^(b) | CUSIP Nos. 768347 ^(c) | Due (September 1) | Principal Amount | Interest Rate ^(a) | Initial Reoffering Yield ^(b) | CUSIP Nos. 768347 ^(c) |
|----------------------|---------------------|---------------------------------|---|--|----------------------|---------------------|---------------------------------|---|--|
| 2023 | \$25,000 | 7.250% | 2.500% | HV1 | 2027 | \$140,000 | 7.250% | 2.950% | HZZ |
| 2024 | 115,000 | 7.250% | 2.600% | HW9 | 2028 | 140,000 | 7.250% | 3.000% | JA5 |
| 2025 | 125,000 | 7.250% | 2.750% | HX7 | 2029 ^(d) | 150,000 | 7.250% | 3.000% | JB3 |
| 2026 | 130,000 | 7.250% | 2.900% | HY5 | | | | | |

\$325,000 Term Bond due September 1, 2031 ^{(d) (e)} Interest Rate 4.000% Initial Yield 3.300% ^(b) CUSIP No. 768347JD9 ^(c)

\$345,000 Term Bond due September 1, 2033 ^{(d) (e)} Interest Rate 3.250% Initial Yield 3.550% ^(b) CUSIP No. 768347JF4 ^(c)

\$375,000 Term Bond due September 1, 2035 ^{(d) (e)} Interest Rate 4.000% Initial Yield 3.700% ^(b) CUSIP No. 768347JH0 ^(c)

\$415,000 Term Bond due September 1, 2037 ^{(d) (e)} Interest Rate 4.000% Initial Yield 3.800% ^(b) CUSIP No. 768347JK3 ^(c)

\$450,000 Term Bond due September 1, 2039 ^{(d) (e)} Interest Rate 4.000% Initial Yield 3.900% ^(b) CUSIP No. 768347JM9 ^(c)

\$1,925,000 Term Bond due September 1, 2046 ^{(d) (e)} Interest Rate 4.000% Initial Yield 4.000% ^(b) CUSIP No. 768347JU1 ^(c)

\$2,290,000 Term Bond due September 1, 2052 ^{(d) (e)} Interest Rate 4.000% Initial Yield 4.050% ^(b) CUSIP No. 768347KA3 ^(c)

- (a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest net effective interest rate bid to purchase the Bonds, bearing interest as shown, at a price of 97.005943% of par, resulting in a net effective interest rate to the District of 4.229812%.
- (b) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of the Initial Purchaser (hereinafter defined), and may subsequently be changed. Initial yields on premium Bonds are calculated to the earlier of maturity or the first optional call date.
- (c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global market intelligence on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers.
- (d) Bonds maturing on September 1, 2029, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2028, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption Provisions.”
- (e) In addition to being subject to optional redemption, as described above, the Term Bonds (as hereinafter defined) are also subject to mandatory sinking fund redemption by lot or other customary random selection method on September 1 in the years and in the amounts set forth herein under the caption “THE BONDS – Redemption Provisions.”

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 levied, without legal limitation as to rate or amount, against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any entity other than the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

The Bonds are offered when, as and if issued, subject to approval of legality by the Attorney General of the State of Texas and by Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, Houston, Texas. The Bonds are expected to be available for delivery on May 26, 2022 (the “Date of Delivery”) in Houston, Texas.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from RBC Capital Markets, LLC, 609 Main St, Suite 3600, Houston, Texas 77002, the Financial Advisor to the District.

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

None of the District, the Initial Purchaser, or the District's financial advisor make any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its book-entry- only system.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. **INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.**

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest net effective interest rate bid, which was tendered by SAMCO Capital Markets, Inc. (the “Initial Purchaser”), to purchase the Bonds bearing the interest rates shown under “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS” on the cover page hereof at a price of 97.005943% of the principal amount thereof, which resulted in a net effective interest rate of 4.229812% as calculated pursuant to Chapter 1204, Texas Government Code.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser of the Bonds prior to 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 Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Initial Purchaser at the yields specified on the cover page. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchaser.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME-TO-TIME BY THE INITIAL PURCHASER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. Particularly, the reader should refer to indicated sections for more complete information on the discussed topic.

The District..... River Plantation Municipal Utility District (the “District”) of Montgomery County, Texas was created by the State Legislature in 1963 as a fresh water supply district and converted to a municipal utility district in 1978. The District, which encompasses 819 acres of land, operates under provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts and is subject to continuing supervision by the Texas Commission on Environmental Quality (the “Commission”). The District lies within the exclusive extraterritorial jurisdiction of the City of Conroe. See “THE DISTRICT.”

The Issue..... \$6,950,000 River Plantation Municipal Utility District Unlimited Tax Bonds, Series 2022 (the “Bonds”) are issued pursuant to an order of the District’s Board of Directors (the “Board”). The Bonds are issued as serial bonds (the “Serial Bonds”) maturing annually on September 1, 2023 through 2029, both inclusive and as term bonds (the “Term Bonds”) maturing on September 1, 2031, 2033, 2035, 2037, 2039, 2046, and 2052. Interest on the Bonds is payable on each March 1 and September 1 beginning March 1, 2023. Interest on the Bonds accrues from May 26, 2022 and is payable on each March 1 and September 1 beginning March 1, 2023. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount. See “THE BONDS.”

Redemption Provisions. Bonds maturing on September 1, 2029, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2028, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as described herein.

Infectious Disease

Outbreak (COVID-19).. In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Extreme Weather Events:

- Hurricane Harvey The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days. According to the District’s general manager 330 homes were affected during Hurricane Harvey. Additional flooding of residential homes has occurred during 2008, 2016, & 2017 storm events. During these events the District was able to maintain water and sewer service to all residents.
- Book-Entry-Only The Bonds are initially issuable in book-entry-only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. See “THE BONDS – Book-Entry-Only System.”
- Source of Payment..... Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax levied, without limitation as to rate or amount, upon all taxable property within the District. The Bonds are obligations of the District, and are not obligations of the State of Texas, Montgomery County, the City of Conroe, Texas, or any entity other than the District. See “THE BONDS – Source of Payment.”
- Use of Proceeds Proceeds from the sale of the Bonds are to be used to finance water plant, fire hydrant, and sanitary sewer upgrades and rehabilitation, to capitalize twelve (12) months of interest on the Bonds, and to pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”
- Authorized but
Unissued Bonds After the issuance of the Bonds, the District will have (i) \$8,050,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities authorized but unissued and (ii) \$325,943 in principal amount of unlimited tax bonds for park and recreational facilities authorized but unissued. See “THE BONDS – Issuance of Additional Debt.”
- Tax-Exemption In the opinion of Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and the Bonds are not subject to the alternative minimum tax on individuals. See “TAX MATTERS” herein for a discussion of Bond Counsel’s opinions.
- Qualified Tax-Exempt
Obligations The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
- Municipal Bond
Insurance..... It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), will assign its municipal bond rating of “AA” (stable outlook) to the 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 Build America Mutual Assurance Company (“BAM” or the “Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “MUNICIPAL BOND INSURANCE RISK FACTORS.”
- Status of Development.. The District contains approximately 819 acres of land, of which 520 acres have been developed into single family residential subdivisions and neighborhood parks, including 971 completed single family homes, and 151 acres are included in the River Plantation Country Club golf course and facilities.

The District lies adjacent to the West Fork of the San Jacinto River, and consequently, a significant amount of acreage in the District is in the 100-year flood plain and floodway. The District contains approximately 169 acres within the regulatory floodway, of which 123 acres are undeveloped. Approximately 254 acres lie within the 100-year flood plain of which 25 acres are undeveloped. The remaining acreage within the 100-year flood plain is included in platted subdivisions, and some nine holes of the existing 18-hole golf course

owned by the River Plantation Country Club. As of March 28, 2022, the District contained 971 completed single-family homes.

- Payment Record..... The District has never defaulted in the payment of principal or interest on its previously issued bonds. See “SELECTED FINANCIAL INFORMATION – Total Outstanding Bonds.”
- Legal Opinion..... Smith, Murdaugh, Little & Bonham, LLP, Houston, Texas, Bond Counsel.
- Disclosure Counsel..... McCall, Parkhurst & Horton L.L.P., Houston, Texas.
- Engineer..... Vogler & Spencer Engineering, Inc., Houston, Texas.
- Financial Advisor RBC Capital Markets, LLC, Houston, Texas.

THE BONDS INVOLVE CERTAIN RISK FACTORS, AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

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SELECTED FINANCIAL INFORMATION SUMMARY

| | |
|--|------------------------------|
| 2021 Certified Assessed Valuation..... | \$160,283,701 ^(a) |
| Estimated Assessed Valuation at December 1, 2021 | \$173,188,528 ^(b) |
| Direct Debt Outstanding (after issuance of the Bonds) | \$8,625,000 |
| Estimated Overlapping Debt..... | <u>\$6,790,735</u> |
| Direct Debt and Estimated Overlapping Debt | \$15,415,735 |
| Direct Debt Ratios: | |
| as a percentage of 2021 Certified Assessed Valuation (\$160,283,701) | 5.38% |
| as a percentage of Estimated Assessed Valuation at December 1, 2021 (\$173,188,528)..... | 4.98% |
| Direct and Estimated Overlapping Debt Ratios: | |
| as a percentage of 2021 Certified Assessed Valuation (\$160,283,701) | 9.62% |
| as a percentage of Estimated Assessed Valuation at December 1, 2021 (\$173,188,528)..... | 8.90% |
| Debt Service Fund Balance (as of May 26, 2022)..... | \$397,121 ^(c) |
| Capital Projects Fund Balance (as of February 24, 2022) | \$0 |
| General Fund Balance (as of February 24, 2022) | \$917,850 |
| 2021 Tax Rate | |
| Maintenance & Operations..... | \$0.316 |
| Debt Service | <u>0.000</u> |
| | \$0.316 |
| Average Annual Debt Service Requirements (2022 – 2052) | |
| of the Bonds (“Average Annual Requirement”)..... | \$483,639 |
| Tax rate required to pay Average Annual Requirement based upon | |
| 2021 Certified Assessed Valuation at 95% collections | \$0.32 |
| Tax rate required to pay Average Annual Requirement based upon | |
| 2021 Estimated Assessed Valuation at December 1, 2021 at 95% collections | \$0.30 |
| Maximum Annual Debt Service Requirements (2052) | |
| of the Bonds (“Maximum Annual Requirement”) | \$535,600 |
| Tax rate required to pay Maximum Annual Requirement based upon | |
| 2021 Certified Assessed Valuation at 95% collections | \$0.36 |
| Tax rate required to pay Maximum Annual Requirement based upon | |
| 2021 Estimated Assessed Valuation at December 1, 2021 at 95% collections | \$0.33 |
| Estimated District Population | 3,399 ^(d) |

- (a) As certified by the Montgomery Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within the District as of December 1, 2021. This estimate is prior to any protests and the ultimate assessed valuation of any improvements added to the District’s tax roll may vary from such estimate. The construction of taxable improvements from January 1, 2021 through December 31, 2021 will be placed on the District’s 2022 tax roll.
- (c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s debt service fund. Includes twelve months of capitalized interest on the Bonds to be deposited into the Debt Service Fund at the time of issuance of the Bonds.
- (d) Based upon 3.5 residents per occupied single-family home, which at March 28, 2022 totaled 971 occupied homes.

OFFICIAL STATEMENT

relating to

\$6,950,000

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

(A political subdivision of the State of Texas located within Montgomery County, Texas)

Unlimited Tax Bonds

Series 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by River Plantation Municipal Utility District (the “District”) of its Unlimited Tax Bonds, Series 2022 (the “Bonds”). The District is a political subdivision of the State of Texas.

The Bonds are issued pursuant to the Constitution and laws of the State of Texas, particularly Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”) and an order adopted by the Board of Directors of the District (the “Bond Order”).

The Official Statement includes descriptions of the Bonds, the Bond Order, and certain information about the District and its financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any other entity. The Bonds, equally and ratably with future bonds, are payable from a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. See “THE BONDS – Source of Payment.” The investment quality of the Bonds depends on the ability of the District to collect from the property owners all taxes levied against their property or, in the event of foreclosure, the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. See “Registered Owners’ Remedies” and “Tax Collections” below.

Factors Affecting Taxable Values and Tax Payments

Infectious Disease Outbreak (COVID-19): In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Potential Effects of Oil Price Fluctuations on the Houston Area: The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry will have on property values in the District.

Extreme Weather Events; Hurricane Harvey: The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days. According to the District’s general manager 330 homes were affected during Hurricane Harvey. Additional flooding of residential homes has occurred during 2008, 2016, & 2017 storm events. During these events the District was able to maintain water and sewer service to all residents.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

Ponding (or Pluvial) Flood

Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood

Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Maximum Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2021 Certified Assessed Valuation of the District is \$160,283,701 and the Estimated Assessed Valuation at December 1, 2021, is \$173,188,528 (see “SELECTED FINANCIAL INFORMATION”). After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$535,600 (2052), and the Average Annual Debt Service Requirement, on a calendar year basis, will be \$483,639 (2022 through 2052, inclusive). Assuming no increase or decrease from the 2021 Certified Assessed Valuation and no use of funds on hand, a debt service tax rate of \$0.36 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and a debt service tax rate of \$0.32 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement. Assuming no increase or decrease from the Estimated Assessed Valuation at December 1, 2021 and no use of funds on hand, a debt service tax rate of \$0.33 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Maximum

Annual Debt Service Requirement and a debt service tax rate of \$0.30 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement. See “DEBT SERVICE SCHEDULE” and “SELECTED FINANCIAL INFORMATION – Tax Adequacy for Debt Service.” No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of December 1, 2021 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAXING PROCEDURES.” While the District anticipates future development and increases in taxable values, it makes no representations that such development will actually occur or that over the term of the Bonds, the property within the District will maintain a value sufficient to justify continued payment of taxes by property owners. Property within the District also is subject to taxes levied by other political subdivisions. See “SELECTED FINANCIAL INFORMATION – Estimated Overlapping Debt Statement.”

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$325,943 in principal amount of unlimited tax bonds authorized but unissued for parks and recreational facilities, the \$8,050,000 in principal amount of unlimited tax bonds authorized but unissued for water, sewer, and drainage facilities, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed.

Tax Collections

The District’s ability to make debt service payments on the Bonds may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer’s right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Because ownership of the land within the District will become highly fragmented among a large number of taxpayers, attorney’s fees and other costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer.

Registered Owners’ Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Beneficial Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Beneficial Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the Commission prior to filing bankruptcy. Such law requires that the Commission investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect the Registered Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District. A district may not be forced into bankruptcy involuntarily.

Marketability

Other than as described in the Official Notice of Sale for the Bonds, the District has no understanding with the Initial Purchaser of the Bonds regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of other bonds issued by more traditional issuers as such bonds are more generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Continuing Compliance with Certain Covenants

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

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 Texas Commission on Environmental Quality (“TCEQ”) may curtail new industrial, commercial and residential development in the County. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight county Houston Galveston-Brazoria Area (the “HGB Area”) has been designated by the EPA as a non-attainment 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 the State has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

In February 2020, the EPA stated that the HGB Area no longer had a nonattainment designation under the 1997 Ozone Standards, and that it was terminating any remaining “anti-backsliding” requirements associated with the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that the HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2016, EPA approved the TCEQ’s “redesignation substitute” for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard). 81 Fed. Reg. 78691 (Nov. 8, 2016).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018). The court vacated the EPA redesignation substitute rule that provided the basis for EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. To address the uncertainty created by the South Coast court’s ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. In December 2018, the TCEQ submitted a revision to the state implementation plan (“SIP”) formally requesting redesignation under the 1997 Ozone Standards. EPA responded in February 2020 by adopting a final rule stating that the HGB Area has no designation under the revoked 1997 Ozone Standards and terminating all “anti-backsliding” obligations that remained applicable to the HGB Area based on the area’s continued attainment of the revoked 1997 Ozone Standards. 85 Fed. Reg. 8411 (Feb. 14, 2020). The HGB Area is no longer subject to control requirements associated with the 1997 Ozone Standards.

The HGB Area is currently designated a “serious” ozone nonattainment area under the 2008 Ozone Standard. The HGB Area was previously designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018; however, the EPA determined that the HGB Area failed to meet the attainment deadline. Effective September 23, 2019, the HGB Area was reclassified as a “serious” ozone nonattainment area, with an attainment deadline of July 20, 2021. In March 2020, the TCEQ adopted a revision to the Texas SIP that was required based on that reclassification. That SIP revision, which included an updated attainment demonstration for the 2008 Ozone Standard, was submitted to EPA in May 2020.

The HGB Area is currently designated as a “marginal” nonattainment area for the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery. The HGB Area’s attainment deadline under the more-stringent 2015 Ozone Standard is August 3, 2021.

Under the CAA, the State is subject to ongoing obligations to make progress toward and eventually to reach compliance with the federal ozone standards in the HGB Area, based on monitored air quality. The TCEQ’s SIP for the HGB Area demonstrates progress toward attainment, including emission control requirements for ozone-causing pollutants emitted by the industrial sector. Failure to attain an ozone standard could subject industrial sources in the HGB Area to more stringent controls on emissions. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area SIP also establishes requirements that 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 HGB 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 HGB

Area to attain the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Other constraints on economic growth and development include lawsuits filed under the CAA by plaintiffs seeking to require emission reduction measures that are even more stringent than those adopted by TCEQ and approved by EPA. From time to time, various plaintiff environmental organizations have filed lawsuits against TCEQ and EPA seeking to compel the adoption of additional emission reduction measures, many of which could make it more difficult for businesses to construct or expand industrial facilities or which could result in travel restrictions or other limitations on the actions of businesses, governmental entities and private citizens. Any successful court challenge to the currently effective SIP could result in the imposition of even more stringent air emission controls that could threaten continued growth and development in the HGB Area.

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

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

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

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the City of Conroe (the "City"), to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States" ("WOTUS"). 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 June 9, 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of “waters of the United States.”

Given this rulemaking activity, there is significant uncertainty regarding the ultimate scope of WOTUS and EPA and USACE wetlands jurisdiction.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

SOURCES AND USES OF FUNDS

Proceeds from the sale of the Bonds are to be used to finance water plant, fire hydrant, and sanitary sewer upgrades and rehabilitation, to capitalize twelve (12) months of interest on the Bonds, and to pay the costs of issuing the Bonds.

| CONSTRUCTION COSTS | District's Share |
|---|--------------------|
| A. Developer Contribution Items | \$0 |
| B. District Items | |
| 1. Water Plant No. 2 Recoating | \$228,500 |
| 2. Water Plant No. 3 Electrical Upgrades | 97,500 |
| 3. Fire Hydrant & Valve Survey & Rehabilitation | 203,075 |
| 4. WWTP Rehabilitation Phase 1 | 362,850 |
| 5. WWTP Electrical Upgrades | 236,000 |
| 6. Wastewater Sewer Clean & Televis | 361,066 |
| 7. Wastewater Sewer Rehabilitation Phase 1 | 404,811 |
| 8. Wastewater Sewer Rehabilitation Phase 2 | 406,525 |
| 9. Wastewater Sewer Rehabilitation Phase 3 | 398,725 |
| 10. Wastewater Manhole Rehabilitation Phase 1 | 420,000 |
| 11. Stormwater System Clean & Televis | 46,384 |
| 12. Stormwater System Rehabilitation Phase 1 | 468,800 |
| 13. Stormwater System Rehabilitation Phase 2 | 453,450 |
| 14. East Ditch Survey & Evaluation | 50,000 |
| 15. Mosswood Ditch Rehabilitation Phase 1 | 559,825 |
| 16. Contingencies for Items No. 1-15 (10%) | 469,751 |
| 17. Engineering for Items No. 1-15 (15%) | 775,089 |
| NET CONSTRUCTION COSTS | \$5,942,351 |
| NONCONSTRUCTION COSTS | |
| A. Legal Fees | \$208,500 |
| B. Financial Advisor Fees | 139,000 |
| C. Interest | |
| 1. Capitalized Interest | 302,225 |
| D. Bond Discount ^(a) | 208,087 |
| E. Bond Issuance Expenses | 35,366 |
| F. TCEQ Bond Issue Fee | 17,375 |
| G. Bond Application | 55,000 |
| H. Attorney General Fee | 6,950 |
| I. Contingency ^(b) | 35,146 |
| TOTAL NON-CONSTRUCTION COSTS | \$1,007,649 |
| TOTAL BOND ISSUE REQUIREMENT | \$6,950,000 |

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for other uses approved by the TCEQ, including payment for other projects. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay for the costs of the above described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

- (a) Represents the difference between the par amount of the Bonds and the purchase price of the Bonds at 97.005943% of par.
 (b) Represents the combined differences between actual and estimated amounts of capitalized interest and of the bond discount.

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 authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated May 26, 2022, and will mature on the dates and in the amounts shown under “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS” on the cover page hereof. Interest on the Bonds accrues from May 26, 2022 and is payable on each March 1 and September 1 (“Interest Payment Date”), beginning March 1, 2023. The Bonds will be issued in fully registered form only, in principal denominations of \$5,000 or any integral multiple of \$5,000.

Record Date

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

Redemption Provisions

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2028, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be determined by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures, while the Bonds are in book-entry only form). If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000.

Mandatory Redemption: The Term Bonds due on September 1 in the years 2031, 2033, 2035, 2037, 2039, 2046, and 2052 also are subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on September 1 in the years (“Mandatory Redemption Dates”) and in the amounts set forth below, at a redemption price of par plus accrued interest to the date of redemption:

| <u>Term Bond 2031 – \$325,000</u> | |
|-----------------------------------|-------------------------|
| <u>Year of Redemption</u> | <u>Principal Amount</u> |
| 2030 | \$160,000 |
| 2031 (maturity) | 165,000 |

| <u>Term Bond 2033 – \$345,000</u> | |
|-----------------------------------|-------------------------|
| <u>Year of Redemption</u> | <u>Principal Amount</u> |
| 2032 | \$170,000 |
| 2033 (maturity) | 175,000 |

| <u>Term Bond 2035 – \$375,000</u> | |
|-----------------------------------|-------------------------|
| <u>Year of Redemption</u> | <u>Principal Amount</u> |
| 2034 | \$185,000 |
| 2035 (maturity) | 190,000 |

| <u>Term Bond 2037 – \$415,000</u> | |
|-----------------------------------|-------------------------|
| <u>Year of Redemption</u> | <u>Principal Amount</u> |
| 2036 | \$205,000 |
| 2037 (maturity) | 210,000 |

| <u>Term Bond 2039 – \$450,000</u> | |
|-----------------------------------|-------------------------|
| <u>Year of Redemption</u> | <u>Principal Amount</u> |
| 2038 | \$220,000 |
| 2039 (maturity) | 230,000 |

Term Bond 2046 – \$1,925,000

| <u>Year of Redemption</u> | <u>Principal Amount</u> |
|---------------------------|-------------------------|
| 2040 | \$240,000 |
| 2041 | 250,000 |
| 2042 | 265,000 |
| 2043 | 275,000 |
| 2044 | 285,000 |
| 2045 | 295,000 |
| 2046 (maturity) | 315,000 |

Term Bond 2052 – \$2,290,000

| <u>Year of Redemption</u> | <u>Principal Amount</u> |
|---------------------------|-------------------------|
| 2047 | \$325,000 |
| 2048 | 340,000 |
| 2049 | 355,000 |
| 2050 | 370,000 |
| 2051 | 385,000 |
| 2052 (maturity) | 515,000 |

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the 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. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the 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, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds 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.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid through The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the initial 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 registrar shall act in the same capacity as the previous paying agent/registrar. Any new paying agent/registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States or of any State, and authorized under such laws to perform the duties of paying agent and registrar for the Bonds.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“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, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 certificate will be issued for the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy

assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 nor its nominee, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, the Bonds 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, certificates will be printed and delivered. Discontinuation of the Book-Entry-Only-System by the District may require Participant approval under DTC operational arrangements.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Initial Purchaser believe to be reliable, but the District, the Financial Advisor and the Initial Purchaser take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Bonds, the District will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to the District, or the persons for which they act as nominees.

Effect of Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under "THE BONDS – Transfer, Exchange and Registration" below. Discontinuance by the District of the DTC System of book-entry-only transfers may require the consent of DTC Participants under DTC Operational Arrangements.

Use of Certain Terms in Other Sections of this Official Statement

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

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or the Initial Purchaser.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Montgomery County, the City of Conroe, Texas, or any entity other than the District.

Authority for Issuance

At a bond election held within the District on November 2, 2021, the voters authorized issuance of \$15,000,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities. After sale of the Bonds, a total of \$8,050,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities will remain authorized but unissued. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended, the Bond Order and the election described above. The projects to be financed with the proceeds of the Bonds, and the issuance of the Bonds for such purpose, was approved by order of the TCEQ. Before the Bonds can be issued the Attorney General of Texas must pass upon the legality of the Bonds. 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.

Funds

The Bond Order confirms the prior creation of the District's Debt Service Fund, including the creation of sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, wastewater and storm drainage ("Utility Bonds") from funds received to pay debt service on bonds issued to finance parks and recreational facilities ("Park Bonds"). The Bond Order also confirms the District's Construction Fund, including the creation of sub-accounts which are used to separate proceeds from Utility Bonds and Park Bonds. Twelve (12) months of capitalized interest will be deposited to the Debt Service Fund Utility Bonds subaccount. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of Utility Bonds. The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of Utility Bonds.

No Arbitrage

The District will certify as of the date of delivery of the Bonds that, based upon all facts and estimates then known or reasonably expected to be in existence on the date the Bonds are delivered, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Moreover, the District will covenant that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including without limitation, calculating the yield on the Bonds as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Transfer, Exchange and Registration

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Paying Agent/Registrar at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

In the event the Book-Entry-Only System is discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond.

Replacement of Bonds

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See “THE DISTRICT – Authority for Issuance.” At a bond election held within the District on November 2, 2021, the voters authorized issuance of \$15,000,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities. At a bond election held within the District on May 1, 2021, the voters authorized issuance of \$2,000,943 in principal amount of unlimited tax bonds for parks and recreational facilities. After the issuance of the Bonds, the District will have (i) \$8,050,000 in principal amount of unlimited tax bonds for water, sewer, and drainage facilities authorized but unissued and (ii) \$325,943 in principal amount of unlimited tax bonds for park and recreational facilities authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District. See “RISK FACTORS.”

In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such contracts, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds without additional voter approval.

Consolidation

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

Annexation

Pursuant to 43.0751, Local Government Code, the District entered into a Strategic Partnership Agreement with the City of Conroe on November 10, 2014 (the “SPA”). The SPA provides for the District’s removal of certain commercial and non-residential property from the District in exchange for the City’s guarantee against municipal annexation prior to December 31, 2034 without the District’s consent. The District has excluded the commercial and non-residential property pursuant to the SPA and no further removal or exclusion is required.

The District is located entirely within the extraterritorial jurisdiction of the City of Conroe. Under Texas law, the property within the extraterritorial jurisdiction of a municipality may be subject to annexation by that municipality without the consent of the District subject to observance and compliance with the various requirements of Chapter 43, Local Government Code, as amended. This may include the requirement that the municipality hold an election in the District whereby the District’s voters approve the annexation. If the District is annexed, the City of Conroe must assume the District’s assets and obligations (including the Bonds) and abolish the District within (90) days of the date of the annexation. Annexation by the City of Conroe is a policy making matter within the discretion of the Mayor and City Council of the City of Conroe, and, therefore, the District makes no representation that the City of Conroe will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Conroe to make debt service payments should annexation occur.

Remedies in Event of Default

Pursuant to Texas law, the Bond Order provides 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 into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Order, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants,

obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Bond Procedures Act, Chapter 1201, Texas Government Code, as amended, and Section 49.186 Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial

arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes. There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

THE DISTRICT

General

River Plantation Municipal Utility District (the “District”) of Montgomery County, Texas was created by the State Legislature in 1963 as a fresh water supply district and converted to a municipal utility district in 1978. The District, which encompasses 819 acres of land, operates under provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts and is subject to continuing supervision by the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”).

The District is located in Montgomery County, approximately five miles south of the business district of the City of Conroe, Texas, and approximately 38 miles north of the central business district of Houston, Texas. The District, which lies in the exclusive extraterritorial jurisdiction of the City of Conroe, is traversed by Interstate 45 and is bounded on the south by the West Fork of the San Jacinto River.

The District contains approximately 819 acres of land, of which 520 acres have been developed into single family residential subdivisions and neighborhood parks, including 971 completed single family homes. As of March 28, 2022, the District contained 971 completed single-family homes. The River Plantation County Club is located on approximately 151 acres within the District. The County Club facilities include a swimming pool, locker room, pro-shop, and 18 holes of golf. In addition, the club operates a second swimming pool and eight tennis courts. The club facilities are member-owned. The remaining acreage in the District includes approximately 148 acres in undeveloped land, easements, rights-of-way and plant sites.

The District is located in the Conroe Independent School District, and the school district provides bus service for students in River Plantation to schools in the Conroe area. Shopping, banking, and service establishments are located in the Conroe area, approximately five miles north of the District, and in the Woodlands area, approximately 7 miles south of the District.

The District lies adjacent to the West Fork of the San Jacinto River. The District contains approximately 169 acres within the regulatory floodway, of which 123 acres are undeveloped. Approximately 223 acres of the 520 acres included in platted subdivisions are in the 100-year flood plain, and some nine holes of the existing 18-hole golf course owned by the River Plantation Country Club are also within the 100-year flood plain.

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WATER AND SEWER OPERATIONS

Rate and Fee Schedule

The Board of Directors of the District establishes rates and fees for water and sewer service, subject to change from time to time. The following portion of the current rate schedule reflects the most common categories of usage.

Minimum Monthly Residential Rate

| Meter Size | Water Supplied | Water Rate | Sewer Rate | Minimum Total |
|------------|----------------|------------|------------|---------------|
| 3/4" | 3,000 | \$12.75 | \$31.00 | \$43.75 |
| 1" | 3,000 | \$16.50 | \$46.00 | \$62.50 |
| 1 1/2" | 3,000 | \$21.45 | \$63.00 | \$84.45 |
| 2" | 3,000 | \$26.15 | \$77.00 | \$103.15 |

Water Rates over Minimum

| Usage | Water Rate Per 1,000 gals | Sewer Rate 3/4" | Sewer Rate 1" | Sewer Rate 1 1/2" | Sewer Rate 2" |
|---------------|---------------------------|-----------------|---------------|-------------------|---------------|
| 3,001-10,000 | \$2.85 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 10,001-20,000 | \$3.15 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 20,001-30,000 | \$3.55 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 30,001-40,000 | \$4.00 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 40,001-50,000 | \$4.75 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 50,001 and up | \$6.00 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |

Minimum Monthly Commercial Rate

| Meter Size | Water Supplied | Water Rate | Sewer Rate | Minimum Total |
|------------|----------------|------------|------------|---------------|
| 3/4" | 3,000 | \$12.75 | \$31.00 | \$43.75 |
| 1" | 3,000 | \$16.50 | \$46.00 | \$62.50 |
| 1.5" | 3,000 | \$21.45 | \$63.00 | \$84.45 |
| 2" | 3,000 | \$26.15 | \$77.00 | \$103.15 |

Water Rates over Minimum Commercial Rate

| Usage | Water Rate Per 1,000 gals | Sewer Rate 3/4" | Sewer Rate 1" | Sewer Rate 1 1/2" | Sewer Rate 2" |
|---------------|---------------------------|-----------------|---------------|-------------------|---------------|
| 3,001-10,000 | \$2.85 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 10,001-20,000 | \$3.15 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 20,001-30,000 | \$3.55 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 30,001-40,000 | \$4.00 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 40,001-50,000 | \$4.75 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |
| 50,001 and up | \$6.00 | \$39.00 | \$60.00 | \$81.00 | \$99.00 |

Additional Fees

State Fee is charged at 0.5% of total water and sewer costs.

LSGCD Fee is charged at \$0.14 per 1,000 gallons.

Reconnect Fee \$50.00

Tamper Fee \$35.00

Return Check Fee \$25.00

THE SYSTEM

Regulation

All of the water, sanitary sewer and drainage facilities to serve the District (the “System”) have been designed in conformance with the accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the Commission, Montgomery County and the City of Conroe. According to the District’s engineer, Vogler & Spencer Engineering, Inc. (the “Engineer”), all of such facilities constructed to date have been approved by all required governmental agencies.

Source of Water Supply:

The District’s water supply facilities include three water wells. Water Well No. 1 is currently offline and has been placed in monitoring mode. Water Well No. 2 has production capacity of approximately 1,000 gpm. Water Well No. 3 has production capacity of 1,000 gpm. Other existing water plant facilities includes booster pump capacity of 3,300 gpm, two ground storage tanks totaling 1,000,000 gallons of capacity, and two pressure tanks totaling 50,000 gallons of capacity. The existing water plant facilities will provide service to 1,650 equivalent single-family connections (“ESFCs”), which is sufficient to support the District’s current land projections.

Source of Wastewater Treatment:

The District shares ownership with East Plantation Utility District (“EPUD”) and operates the wastewater treatment plant facilities with capacity totaling 600,000 gallons daily. The District owns 354,000 gallons per day (1,180 ESFCs) which is sufficient to support the District’s current land projections. EPUD owns the remaining 246,000 gallons per day (985 ESFCs).

San Jacinto River

According to the Engineer, approximately 254 acres of land in the District are within the 100-year flood plain of the West Fork of the San Jacinto River, as designated by the U.S. Corps of Engineers. These 254 acres primarily consists of the developed and platted acreage. No new construction is anticipated in this area. Montgomery County is a participant in the Federal Emergency Management Program and requires new buildings to have habitable levels above the 100-year flood plain. There are currently no plans to make improvements along the West Fork of the San Jacinto River to alleviate flooding in that area.

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, approximately 223 acres of the 520 acres included in platted subdivisions are in the 100-year flood plain, and some nine holes of the existing 18-hole golf course owned by the River Plantation Country Club are also within the 100-year flood plain. See “RISK FACTORS – Factors Affecting Taxable Values and Tax Payments.”

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14. Volume 11, Version 2.0: Texas Precipitation Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on revised statistical rainfall amounts, which may result in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

DISTRICT BONDS AUTHORIZED BUT UNISSUED

| Date of Authorization | Purpose | Authorized | Issued To Date ^(a) | Amount Unissued |
|-----------------------|-------------------------|--------------|-------------------------------|-----------------|
| 11/02/2021 | Water, Sewer & Drainage | \$15,000,000 | \$6,950,000 | \$8,050,000 |
| 05/01/2021 | Recreation | 2,000,943 | 6,950,000 | 325,943 |

(a) Includes the Bonds.

SELECTED FINANCIAL INFORMATION

| | | |
|--|-----------------|----------------|
| 2021 Certified Assessed Valuation | \$160,283,701 | ^(a) |
| Estimated Assessed Valuation at December 1, 2021 | \$173,188,528 | ^(b) |
| Direct Debt (the Bonds) | \$8,625,000 | |
| Ratio of Direct Debt to 2021 Certified Assessed Valuation | 5.38% | |
| Ratio of Direct Debt to Estimated Assessed Valuation at December 1, 2021 | 4.98% | |

Area of District: approx. 819 acres
Estimated Population: 3,399 ^(c)

- (a) As certified by the Montgomery Central Appraisal District (“Appraisal District”) See “TAXING PROCEDURES.”
 (b) Provided by the Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within the District as of December 1, 2021. This estimate is prior to any protests and the ultimate assessed valuation of any improvements added to the District’s tax roll may vary from such estimate. The construction of taxable improvements from January 1, 2021 through December 31, 2021 will be placed on the District’s 2022 tax roll.
 (c) Based upon 3.5 residents per occupied single-family home, which at March 28, 2022 totaled 971 occupied homes.

Total Outstanding Bonds

| Date | Series | Original Principal | Outstanding Bonds |
|--------------|---------------------|--------------------|--------------------|
| 02/24/2021 | 2022 | \$1,675,000 | \$1,675,000 |
| 05/26/2022 | 2022 ^(a) | \$6,950,000 | \$6,950,000 |
| Total | | \$8,625,000 | \$8,625,000 |

(a) The Bonds.

Cash and Investment Balances

| | | |
|---|-----------|----------------|
| Debt Service Fund Balance (May 26, 2022)..... | \$397,121 | ^(a) |
| Capital Projects Fund Balance (February 24, 2022) | \$0 | |
| General Fund Balance (February 24, 2022)..... | \$917,850 | |

(a) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund. Includes twelve months of capitalized interest on the Bonds to be deposited into the Debt Service Fund at the time of issuance of the Bonds.

Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed, unless otherwise indicated, from information contained in “Texas Municipal Reports,” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

| Taxing Body ^(a) | Outstanding Gross Debt | As of | % Overlpg. Gross Debt | Overlpg. Gross Debt |
|--|-----------------------------------|--------------|----------------------------------|--------------------------------|
| Conroe Independent School District | \$1,351,160,000 | 01/31/2022 | 0.38% | \$5,134,408 |
| Lone Star College System | 675,545,000 | 01/31/2022 | 0.08% | 540,436 |
| Montgomery County | 485,170,000 | 01/31/2022 | 0.23% | 1,115,891 |
| Total Overlapping Debt: | | | | <u>\$6,790,735</u> |
| The District ^(b) | | | | \$8,625,000 |
| Total Direct and Overlapping Debt: ^(b) | | | | \$15,415,735 |
| Total Direct and Overlapping Debt % of A.V.: | | | | 9.62% |

(a) Taxing jurisdictions with outstanding general obligation debt.

(b) Includes the Bonds.

Overlapping Taxes for 2021

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

Set forth below is an estimation of the taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2021 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

| Overlapping Entity | 2021 Tax Rate Per \$100 AV |
|---------------------------|---------------------------------------|
| Conroe ISD | \$1.176 |
| Lone Star College Sys | 0.108 |
| Montgomery Co. | 0.408 |
| The District | 0.316 |
| Total | <u>\$2.008</u> |

Classification of Assessed Valuation ^(a)

The following represents the composition of property comprising the District's 2017 – 2021 tax rolls:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Assessed Valuation | Assessed Valuation | Assessed Valuation | Assessed Valuation | Assessed Valuation |
| Land | \$23,183,630 | \$22,704,807 | \$20,744,123 | \$21,752,851 | \$19,286,241 |
| Improvements | 154,130,086 | 141,119,134 | 140,273,615 | 122,836,000 | 132,766,296 |
| Personal Property | 4,166,959 | 4,013,082 | 4,567,924 | 4,441,910 | 4,904,459 |
| | \$181,480,675 | \$167,837,023 | \$165,585,662 | \$149,030,761 | \$156,956,996 |
| Exemptions | (21,196,974) | (18,716,092) | (22,332,602) | (15,665,122) | (15,567,955) |
| Total | \$160,283,701 | \$149,120,931 | \$143,253,060 | \$133,365,639 | \$141,389,041 |

(a) Provided by the Montgomery Central Appraisal District.

Tax Collections ^(a)

The following statement of tax collections set forth in condensed form is the tax collection of the District. Such summary has been prepared for inclusion herein based upon information from the District's audited financial statements and the records of the Montgomery County Tax Assessor/Collector. Reference is made to such records for further and more complete information.

| Tax Year | Assessed Valuation ^(a) | Tax Rate | Levy ^(b) | Collections as of Tax Year End | | Collections Through February 28, 2022 | |
|-----------------|--|-----------------|----------------------------|---------------------------------------|----------|--|----------|
| | | | | Amount | % | Amount | % |
| 2017 | \$141,389,041 | \$0.320 | \$475,134 | \$464,768 | 97.82% | \$472,391 | 99.42% |
| 2018 | 133,365,639 | 0.320 | 431,451 | 418,315 | 96.96% | 426,586 | 98.87% |
| 2019 | 143,253,060 | 0.320 | 489,397 | 474,285 | 96.91% | 483,975 | 98.89% |
| 2020 | 149,120,931 | 0.322 | 515,900 | 501,741 | 97.26% | 506,508 | 98.18% |
| 2021 | 160,283,701 | 0.316 | 506,496 | (c) | (c) | 460,632 | 90.94% |

(a) As provided by the Montgomery County Tax Assessor/Collector.

(b) Levy calculated on adjusted taxable value, which is equivalent to certified taxable value plus adjustments.

(c) In process of collection.

District Tax Rate

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------|---------|---------|---------|---------|---------|
| Debt Service Fund | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Maintenance & Operation | 0.316 | 0.322 | 0.320 | 0.320 | 0.320 |
| Total | \$0.316 | \$0.322 | \$0.320 | \$0.320 | \$0.320 |

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).

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

Maintenance Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. An election was held within the District on November 6, 2007, which authorized the levy of an unlimited maintenance tax.

Principal Taxpayers

The following list of top ten principal taxpayers was provided by the Municipal Advisory Council of Texas, which reflect ownership as of January 1 of each year. Ownership changes since January 1, 2021 are not known to the District.

| Taxpayer | Property Type | 2021 | 2020 |
|---------------------------------|------------------------------|--------------------|--------------------|
| Preisler Golf Properties LLC | Golf Course/Country Club | \$2,414,600 | \$2,796,080 |
| Entergy Texas Inc. | Electric Utility/Power Plant | 1,570,380 | 1,283,480 |
| Gobar LLC | Individual Residence | 1,009,570 | 1,025,380 |
| John B. & Patricia Gandy | Individual Residence | 667,840 | 667,840 |
| Consolidated Comm. Of Texas Co. | Cable/TV/Internet Utility | 626,400 | 632,080 |
| Thomas Suchmor | Individual Residence | 623,570 | 576,550 |
| Centerpoint Energy Entex | Electric Utility/Power Plant | 620,200 | 577,940 |
| Jiamin Li | Individual Residence | 598,680 | 519,780 |
| James Kennedy | Individual Residence | 470,580 | 536,990 |
| Pauline Igwe | Individual Residence | 496,930 | - |
| Smith, Donald W & Alice | Individual Residence | - | 459,390 |
| Total | | \$9,098,750 | \$9,075,510 |
| % of Assessed Valuation | | 5.68% | 5.66% |

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2021 Certified Assessed Valuation and utilize tax rates adequate to service the District’s total debt service requirements on the Bonds. See “RISK FACTORS – Factors Affecting Tax Values and Tax Payments – Maximum Impact of District Tax Rates.”

| | |
|---|-----------|
| Average Annual Total Debt Service Requirements (2022 – 2052) (“Average Annual Requirement”)..... | \$483,639 |
| \$0.32 Debt Service Tax Rate on 2021 Certified Assessed Valuation, of \$160,283,701 at 95% collections produces..... | \$487,262 |
| \$0.30 Debt Service Tax Rate on Estimated Assessed Valuation at December 1, 2021 of \$173,188,528 at 95% collections produces..... | \$493,587 |
| Maximum Annual Total Debt Service Requirements (2052) (“Maximum Annual Requirement”)..... | \$535,600 |
| \$0.36 Debt Service Tax Rate on 2021 Certified Assessed Valuation, of \$160,283,701 at 95% collections produces..... | \$548,170 |
| \$0.33 Debt Service Tax Rate on Estimated Assessed Valuation at December 1, 2021 of \$173,188,528 at 95% collections produces..... | \$542,946 |

Debt Service Fund

| | |
|--|--------------------------|
| Debt Service Requirements for year ending 2023 | \$481,210 ^(a) |
| Debt Service Fund Balance at May 26, 2022 | \$397,121 ^(b) |

- (a) Reflects the 2023 debt service requirements after the issuance of the Bonds. The first debt service payment date on the Bonds is March 1, 2023.
- (b) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the debt service fund. Represents twelve months of capitalized interest on the Bonds to be deposited into the Debt Service Fund at the time of issuance of the Bonds.

OPERATING STATEMENT

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District. System revenues are not pledged to the Bonds, and the operating statement is provided for information purposes only. Such summary has been prepared by the Financial Advisor and bookkeeper for inclusion herein, based upon information obtained from the District's Bookkeeper's reports and audited financial statements.

| Revenues | Fiscal Year Ended September 30 | | | | |
|--|--------------------------------|----------------|--------------|--------------|--------------|
| | 2021 (a) | 2020 (a) | 2019 (a) | 2018 (a) | 2017 (a) |
| Property Taxes | \$ 518,885 | \$ 484,125 | \$ 424,495 | \$ 474,857 | \$ 483,530 |
| Water Service | 256,631 | 232,930 | 211,052 | 180,834 | 193,399 |
| Sewer Service | 353,875 | 337,207 | 345,102 | 339,937 | 351,868 |
| Service to East Plantation UD | 95,559 | 88,458 | 95,113 | 67,039 | 228,119 |
| Surface Water Fees | 15,026 | 16,468 | 12,656 | 12,836 | 12,557 |
| Penalty & Interest | 25,642 | 22,020 | 21,132 | 22,538 | 25,996 |
| Interest on Deposits | 501 | 33,970 | 57,802 | 20,078 | 11,366 |
| Other Revenues | 20,228 | 17,607 | 15,381 | 5,282 | 6,561 |
| Total | \$ 1,286,347 | \$ 1,232,785 | \$ 1,182,733 | \$ 1,123,401 | \$ 1,313,396 |
| | | | | | |
| Expenditures | | | | | |
| Service Operations: | | | | | |
| Personnel Salaries & Benefits | \$ 298,775 | \$ 306,981 | \$ 298,265 | \$ 283,223 | \$ 251,480 |
| Professional Fees | 332,041 | 269,325 | 96,488 | 51,487 | 18,154 |
| Contracted Services | 26,047 | 25,556 | 24,670 | 22,111 | 21,490 |
| Utilities | 112,588 | 89,056 | 80,446 | 112,302 | 108,725 |
| Surface Water Fees | 19,199 | 19,199 | 13,764 | 14,574 | 11,858 |
| Operating Expenditures | 219,107 | 341,677 | 260,551 | 184,694 | 712,126 |
| Administrative Expenditures | 71,974 | 58,068 | 45,702 | 54,434 | 41,725 |
| Capital Outlay / Non-Capital Outlay | 535,085 | 1,822,897 | 220,658 | 428,391 | 110,433 |
| Total | \$ 1,614,816 | \$ 2,932,759 | \$ 1,040,544 | \$ 1,151,216 | \$ 1,275,991 |
| | | | | | |
| Excess Revenues | \$ (328,469) | \$ (1,699,974) | \$ 142,189 | \$ (27,815) | \$ 37,405 |
| (Expenditures) | | | | | |
| | | | | | |
| Net Change in Fund Balance | \$ (328,469) | \$ (1,699,974) | \$ 142,189 | \$ (27,815) | \$ 37,405 |
| | | | | | |
| Fund Balance, Beginning of Year | \$ 1,353,769 | \$ 3,053,743 | \$ 2,911,554 | \$ 2,939,369 | \$ 2,728,036 |
| | | | | | |
| Fund Balance, End of Year | \$ 1,025,300 | \$ 1,353,769 | \$ 3,053,743 | \$ 2,911,554 | \$ 2,765,441 |

(a) Audited.

MANAGEMENT

Board of Directors

The current directors of the District are listed below:

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------|---------------------|---------------------|
| Julie Gilmer | President | 05/2022 |
| Tim Goodman | Vice President | 05/2022 |
| Mark Robin | Assistant Secretary | 05/2022 |
| Tom Vandever | Treasurer | 05/2024 |
| Vacant | Secretary | 05/2024 |

The Directors own property and reside in the District. Directors have four-year terms staggered every two years. Elections are held only in even numbered years on the first Saturday in May.

Tax Assessor/Collector

The Montgomery County Tax Assessor Collector is the tax assessor/collector for the District.

Bookkeeper

Municipal Accounts & Consulting, L.P. acts as bookkeeper for the District.

Engineer

The consulting engineer for the District is Vogler & Spencer Engineering, Inc.

Bond Counsel/General Counsel

The District has engaged Smith, Murdaugh, Little & Bonham, LLP, Houston, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. See "LEGAL MATTERS."

Financial Advisor

The District has employed the firm of RBC Capital Markets, LLC as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is employed by the District and has participated in the preparation of the Official Statement; however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third parties.

Auditor

The financial statements of the District as of September 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

DEBT SERVICE SCHEDULE

The Bonds

| Year Ending 12/31 | Outstanding Debt Service | Principal Due 9/1 | Interest Due 3/1 | Interest Due 9/1 | Total Principal & Interest | New Debt Service |
|----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-------------------------------|------------------------|
| 2022 | \$40,962.48 | | | | | \$40,962.48 |
| 2023 | 74,231.25 | \$25,000.00 | \$230,866.32 | \$151,112.50 | \$406,978.82 | 481,210.07 |
| 2024 | 77,981.25 | 115,000.00 | 150,206.25 | 150,206.25 | 415,412.50 | 493,393.75 |
| 2025 | 76,781.25 | 125,000.00 | 146,037.50 | 146,037.50 | 417,075.00 | 493,856.25 |
| 2026 | 75,581.25 | 130,000.00 | 141,506.25 | 141,506.25 | 413,012.50 | 488,593.75 |
| 2027 | 74,381.25 | 140,000.00 | 136,793.75 | 136,793.75 | 413,587.50 | 487,968.75 |
| 2028 | 78,181.25 | 140,000.00 | 131,718.75 | 131,718.75 | 403,437.50 | 481,618.75 |
| 2029 | 76,781.25 | 150,000.00 | 126,643.75 | 126,643.75 | 403,287.50 | 480,068.75 |
| 2030 | 75,731.25 | 160,000.00 | 121,206.25 | 121,206.25 | 402,412.50 | 478,143.75 |
| 2031 | 79,681.25 | 165,000.00 | 118,006.25 | 118,006.25 | 401,012.50 | 480,693.75 |
| 2032 | 78,481.25 | 170,000.00 | 114,706.25 | 114,706.25 | 399,412.50 | 477,893.75 |
| 2033 | 82,281.25 | 175,000.00 | 111,943.75 | 111,943.75 | 398,887.50 | 481,168.75 |
| 2034 | 80,931.25 | 185,000.00 | 109,100.00 | 109,100.00 | 403,200.00 | 484,131.25 |
| 2035 | 84,693.75 | 190,000.00 | 105,400.00 | 105,400.00 | 400,800.00 | 485,493.75 |
| 2036 | 83,318.75 | 205,000.00 | 101,600.00 | 101,600.00 | 408,200.00 | 491,518.75 |
| 2037 | 86,943.75 | 210,000.00 | 97,500.00 | 97,500.00 | 405,000.00 | 491,943.75 |
| 2038 | 85,431.25 | 220,000.00 | 93,300.00 | 93,300.00 | 406,600.00 | 492,031.25 |
| 2039 | 88,918.75 | 230,000.00 | 88,900.00 | 88,900.00 | 407,800.00 | 496,718.75 |
| 2040 | 87,268.75 | 240,000.00 | 84,300.00 | 84,300.00 | 408,600.00 | 495,868.75 |
| 2041 | 90,618.75 | 250,000.00 | 79,500.00 | 79,500.00 | 409,000.00 | 499,618.75 |
| 2042 | 88,831.25 | 265,000.00 | 74,500.00 | 74,500.00 | 414,000.00 | 502,831.25 |
| 2043 | 92,043.75 | 275,000.00 | 69,200.00 | 69,200.00 | 413,400.00 | 505,443.75 |
| 2044 | 95,118.75 | 285,000.00 | 63,700.00 | 63,700.00 | 412,400.00 | 507,518.75 |
| 2045 | 98,056.25 | 295,000.00 | 58,000.00 | 58,000.00 | 411,000.00 | 509,056.25 |
| 2046 | 95,856.25 | 315,000.00 | 52,100.00 | 52,100.00 | 419,200.00 | 515,056.25 |
| 2047 | 98,656.25 | 325,000.00 | 45,800.00 | 45,800.00 | 416,600.00 | 515,256.25 |
| 2048 | 101,212.50 | 340,000.00 | 39,300.00 | 39,300.00 | 418,600.00 | 519,812.50 |
| 2049 | 103,625.00 | 355,000.00 | 32,500.00 | 32,500.00 | 420,000.00 | 523,625.00 |
| 2050 | 105,893.75 | 370,000.00 | 25,400.00 | 25,400.00 | 420,800.00 | 526,693.75 |
| 2051 | 108,018.75 | 385,000.00 | 18,000.00 | 18,000.00 | 421,000.00 | 529,018.75 |
| 2052 | 0.00 | 515,000.00 | 10,300.00 | 10,300.00 | 535,600.00 | 535,600.00 |
| | <u>\$2,566,493.73</u> | <u>\$6,950,000.00</u> | <u>\$2,778,035.07</u> | <u>\$2,698,281.25</u> | <u>\$12,426,316.32</u> | <u>\$14,992,810.05</u> |

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 Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its system and for the payment of certain contractual obligations. See “SELECTED FINANCIAL INFORMATION – Maintenance Tax.”

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Montgomery County Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery County Appraisal Review Board (the “Appraisal Review Board”).

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For tax years 2022, the District did not grant an exemption for persons 65 years of age or older and certain disabled persons. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. See “SELECTED FINANCIAL INFORMATION – Classification of Assessed Valuation.”

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. See “SELECTED FINANCIAL INFORMATION.”

Freeport Goods Exemption: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption if 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. Such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit 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 not taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous five (5) years. 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 (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 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.

Reappraisal of Property after Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor. This temporary exemption is automatic if the disaster is declared prior to a taxing unit adopting its tax rate for the tax year. A taxing unit 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.

The Attorney General of Texas issued Opinion KP-0299 on April 13, 2020, confirming that purely economic, non-physical damage to property is not eligible for temporary tax exemptions.

Tax Payment Installments after Disaster

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

District and Taxpayer Remedies

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

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

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 of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property that is a person sixty-five (65) years of age or older, disabled, or a disabled veteran entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership.

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is 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.

Additional Penalties

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

District Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "SELECTED FINANCIAL INFORMATION – Overlapping Taxes for 2021"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. In addition, a person 65 or older may defer or abate a suit to collect delinquent taxes on the person's residence homestead. See "RISK FACTORS – Tax Collections."

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income of the holders for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for the information under the subheadings “Book-Entry-Only System”), “THE DISTRICT – General,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” “SALE AND DISTRIBUTION OF THE BONDS – Securities Laws” and solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement or 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 Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

Smith, Murdaugh, Little & Bonham, LLP also serves as counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P. as Disclosure Counsel. The fees of Disclosure Counsel are contingent upon the sale of the Bonds.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

No Material Adverse Change

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

TAX MATTERS

In the opinion of Smith, Murdaugh, Little & Bonham, LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

Bond Counsel’s opinion will assume continuing compliance with the covenants 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 and, in addition, will rely on representations by the District, the District’s Financial Advisor and Initial Purchaser with respect to matters solely within the knowledge of the District, the District’s Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Order or if the foregoing representations should be determined to be inaccurate

or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

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

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

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

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

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. **PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.**

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2022 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2022.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign a municipal bond rating of "AA" (stable outlook) 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 Build America Mutual Assurance Company. An explanation of the rating may be obtained from S&P. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$ 481.5 million, \$183.4 million and \$298.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

MUNICIPAL BOND INSURANCE RISK FACTORS

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

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

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

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

The obligations of the bond insurer are contractual obligations and in an event of default by the bond insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District or Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment.

OFFICIAL STATEMENT

Consultants

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor. Each consultant has agreed to the use of the information provided by such firms.

The Engineer. The information contained in this Official Statement relating to engineering and to the description of the System has been provided by Vogler & Spencer Engineering, Inc. and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District & Tax Assessor/Collector. The information contained in this Official Statement relating to the assessed valuation of property, classification of assessed valuation, tax collection rates, principal taxpayers, and in particular, such information contained in the section captioned "SELECTED FINANCIAL INFORMATION" has been provided by the Montgomery Central Appraisal District and Montgomery County Tax Assessor/Collector in reliance upon their authority as experts in the field of tax assessing and tax collecting, respectively.

Auditor. The financial statements of the District as of September 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Certification as to Official Statement

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

Updating of 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 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 in writing on or before such date that fewer 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.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the District's continuing disclosure obligations because the District has no more than \$10,000,000 in aggregate principal amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds as required by the exemption in the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain financial information and operating data, which is customarily prepared by the District and publically available, to EMMA annually.

The financial information and operating data to be updated with respect to the District is found in "APPENDIX A" (Independent Auditor's Report and Financial Statements for the year ended September 30, 2021). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 ("Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which

affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”).

The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District 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 SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and 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 statement will be realized.

This Official Statement was approved by the Board of River Plantation Municipal Utility District, as of the date shown on the first page hereof.

/s/

Julie Gilmer
President, Board of Directors
River Plantation Municipal Utility District

/s/

Mark Robin
Assistant Secretary, Board of Directors
River Plantation Municipal Utility District

AERIAL PHOTOGRAPH
(December 2021)



PHOTOGRAPHS

(December 2021)



Single-Family Residential



River Plantation MUD Entrance



Single-Family Residential



Single-Family Residential



Single-Family Residential



River Plantation Golf Course



Single-Family Residential



River Plantation Golf Course

APPENDIX A

Independent Auditor's Report and Financial Statements for the year ended September 30, 2021.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
MONTGOMERY COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2021

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Mark C. Eyring, CPA, PLLC

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January 27, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Plantation Municipal
Utility District
Montgomery County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of River Plantation Municipal Utility District, as of and for the year ended September 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of River Plantation Municipal Utility District as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 17 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 18 to 28 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. A. J.", is located at the bottom right of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the River Plantation Municipal Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
|--|---------------------|---------------------|--------------------|
| Current and other assets | \$ 1,235,360 | \$ 1,574,362 | \$ (339,002) |
| Capital assets | 4,963,437 | 4,688,693 | 274,744 |
| Total assets | <u>6,198,797</u> | <u>6,263,055</u> | <u>(64,258)</u> |
| Current liabilities | 176,379 | 185,713 | (9,334) |
| Total liabilities | <u>176,379</u> | <u>185,713</u> | <u>(9,334)</u> |
| Net position: | | | |
| Invested in capital assets, net of related debt | 4,963,437 | 4,688,693 | 274,744 |
| Unrestricted | 1,058,981 | 1,388,649 | (329,668) |
| Total net position | <u>\$ 6,022,418</u> | <u>\$ 6,077,342</u> | <u>\$ (54,924)</u> |

Summary of Changes in Net Position

| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
|---|---------------------|---------------------|--------------------|
| Revenues: | | | |
| Property taxes, including related penalty and interest | \$ 517,686 | \$ 488,632 | \$ 29,054 |
| Charges for services | 766,961 | 714,690 | 52,271 |
| Other revenues | 501 | 33,970 | (33,469) |
| Total revenues | <u>1,285,148</u> | <u>1,237,292</u> | <u>47,856</u> |
| Expenses: | | | |
| Service operations | <u>1,340,072</u> | <u>1,360,768</u> | <u>(20,696)</u> |
| Change in net position | (54,924) | (123,476) | 68,552 |
| Net position, beginning of year | <u>6,077,342</u> | <u>6,200,818</u> | <u>(123,476)</u> |
| Net position, end of year | <u>\$ 6,022,418</u> | <u>\$ 6,077,342</u> | <u>\$ (54,924)</u> |

Financial Analysis of the District's Funds

The District's General Fund balance as of the end of the fiscal year ended September 30, 2021, was \$1,025,300, a decrease of \$328,469 from the prior year. The balance decreased as the District made planned improvements to its infrastructure.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 17 of this report. The budgetary fund balance as of September 30, 2021, was expected to be \$1,353,769 and the actual end of year fund balance was \$1,025,300.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

| | <u>Capital Assets (Net of Accumulated Depreciation)</u> | | |
|----------------------------|---|---------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Land | \$ 67,672 | \$ 67,672 | \$ 0 |
| Construction in progress | 452,924 | 145,683 | 307,241 |
| Buildings and improvements | 64,015 | 72,499 | (8,484) |
| Machinery and equipment | 3,887 | 4,103 | (216) |
| Infrastructure | <u>4,374,939</u> | <u>4,398,736</u> | <u>(23,797)</u> |
| Totals | <u>\$ 4,963,437</u> | <u>\$ 4,688,693</u> | <u>\$ 274,744</u> |

Changes to capital assets during the fiscal year ended September 30, 2021, are summarized as follows:

Additions:

| | |
|-----------------------------------|---------------|
| Drainage system improvements | \$ 160,304 |
| Sewer system improvements | 360,631 |
| Water system improvements | <u>14,150</u> |
| Total additions to capital assets | 535,085 |

Decreases:

| | |
|------------------------------|-------------------|
| Depreciation | <u>(260,341)</u> |
| Net change to capital assets | <u>\$ 274,744</u> |

Debt

At September 30, 2021, the District had no outstanding bonds and no bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District and \$2,000,943 of bonds authorized but unissued for parks and recreational facilities.

On January 27, 2022, the District sold its \$1,675,000 Series 2022 unlimited tax park bonds.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$6,800,000 for the 2020 tax year (approximately 4%), due to the increase in the average assessed valuations on existing properties.

Relationship to the City of Conroe

Under existing Texas law, since the District lies totally within the extraterritorial jurisdiction of the City of Conroe ("City"), the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of November 14, 2014. The SPA continues through December 31, 2034 and provides guarantees against municipal annexation for the portions of the District located to the East of Interstate 45 in exchange for the District's exclusion of certain commercial and undeveloped non-residential territory located to the West of Interstate 45 in order to facilitate the annexation of such territory by the City.

Water Supply Issues

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77th Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected seven member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 8.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of September 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2021

| | General | Debt Service | Capital Projects | Total | Adjustments (Note 3) | Statement of Net Position |
|---|----------------------------|--------------------|---------------------|----------------------------|----------------------------|---------------------------------|
| ASSETS | | | | | | |
| Cash, including interest-bearing accounts, Note 7 | \$ 217,645 | \$ | \$ | \$ 217,645 | \$ | \$ 217,645 |
| Temporary investments, at cost, Note 7 | 383,766 | | | 383,766 | | 383,766 |
| Receivables: | | | | | | |
| Property taxes | 33,681 | | | 33,681 | | 33,681 |
| Service accounts | 71,406 | | | 71,406 | | 71,406 |
| Due from East Plantation Utility District, Note 9 | 13,699 | | | 13,699 | | 13,699 |
| Prepaid expenditures | | | | 0 | | 0 |
| Advance for land acquisition | 511,180 | | | 511,180 | | 511,180 |
| Materials and supplies inventories | 3,983 | | | 3,983 | | 3,983 |
| Capital assets, net of accumulated depreciation, Note 4: | | | | | | |
| Capital assets not being depreciated | | | | 0 | 520,596 | 520,596 |
| Depreciable capital assets | | | | 0 | 4,442,841 | 4,442,841 |
| Total assets | <u>\$ 1,235,360</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,235,360</u> | <u>4,963,437</u> | <u>6,198,797</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 70,541 | \$ | \$ | \$ 70,541 | | 70,541 |
| Customer and other deposits | 105,838 | | | 105,838 | | 105,838 |
| Total liabilities | <u>176,379</u> | <u>0</u> | <u>0</u> | <u>176,379</u> | <u>0</u> | <u>176,379</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property tax revenues | 33,681 | 0 | 0 | 33,681 | (33,681) | 0 |
| FUND BALANCES / NET POSITION | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Materials, supplies and other assets | 3,983 | | | 3,983 | (3,983) | 0 |
| Advance for land acquisition | 511,180 | | | 511,180 | (511,180) | 0 |
| Unassigned | 510,137 | | | 510,137 | (510,137) | 0 |
| Total fund balances | <u>1,025,300</u> | <u>0</u> | <u>0</u> | <u>1,025,300</u> | <u>(1,025,300)</u> | <u>0</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 1,235,360</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,235,360</u> | | |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | | | | | 4,963,437 | 4,963,437 |
| Unrestricted | | | | | 1,058,981 | 1,058,981 |
| Total net position | | | | | <u>\$ 6,022,418</u> | <u>\$ 6,022,418</u> |

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

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments (Note 3) | Statement of Activities |
|--|---------------------|-------------------------|-----------------------------|---------------------|-------------------------|-------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 518,885 | \$ | \$ | \$ 518,885 | \$ (1,199) | \$ 517,686 |
| Water service | 256,631 | | | 256,631 | | 256,631 |
| Sewer service | 353,875 | | | 353,875 | | 353,875 |
| Service to East Plantation UD, Note 9 | 95,559 | | | 95,559 | | 95,559 |
| Surface water fees, Note 10 | 15,026 | | | 15,026 | | 15,026 |
| Penalty and interest | 25,642 | | | 25,642 | | 25,642 |
| Interest on deposits | 501 | | | 501 | | 501 |
| Other revenues | 20,228 | | | 20,228 | | 20,228 |
| Total revenues | <u>1,286,347</u> | <u>0</u> | <u>0</u> | <u>1,286,347</u> | <u>(1,199)</u> | <u>1,285,148</u> |
| EXPENDITURES / EXPENSES | | | | | | |
| Service operations: | | | | | | |
| Personnel salaries and benefits | 298,775 | | | 298,775 | | 298,775 |
| Professional fees | 332,041 | | | 332,041 | | 332,041 |
| Contracted services | 26,047 | | | 26,047 | | 26,047 |
| Utilities | 112,588 | | | 112,588 | | 112,588 |
| Surface water fees, Note 10 | 19,199 | | | 19,199 | | 19,199 |
| Repairs, maintenance and other operating expenditures | 219,107 | | | 219,107 | | 219,107 |
| Administrative expenditures | 71,974 | | | 71,974 | | 71,974 |
| Depreciation | 0 | | | 0 | 260,341 | 260,341 |
| Capital outlay / non-capital outlay | 535,085 | | | 535,085 | (535,085) | 0 |
| Total expenditures / expenses | <u>1,614,816</u> | <u>0</u> | <u>0</u> | <u>1,614,816</u> | <u>(274,744)</u> | <u>1,340,072</u> |
| Excess (deficiency) of revenues over expenditures | <u>(328,469)</u> | <u>0</u> | <u>0</u> | <u>(328,469)</u> | <u>273,545</u> | <u>(54,924)</u> |
| Net change in fund balances / net position | <u>(328,469)</u> | <u>0</u> | <u>0</u> | <u>(328,469)</u> | <u>273,545</u> | <u>(54,924)</u> |
| Beginning of year | <u>1,353,769</u> | <u>0</u> | <u>0</u> | <u>1,353,769</u> | <u>4,723,573</u> | <u>6,077,342</u> |
| End of year | <u>\$ 1,025,300</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,025,300</u> | <u>\$ 4,997,118</u> | <u>\$ 6,022,418</u> |

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

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1: REPORTING ENTITY

River Plantation Municipal Utility District (the "District") was created by the Texas Legislature in 1963 as a fresh water supply district and converted to a municipal utility district in 1978. The District operates in accordance with Texas Water Code Chapters 49 and 54. The first bonds were sold on April 15, 1966. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

Under existing Texas law, since the District lies totally within the extraterritorial jurisdiction of the City of Conroe ("City"), the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of November 14, 2014. The SPA continues through December 31, 2034 and provides guarantees against municipal annexation for the portions of the District located to the East of Interstate 45 in exchange for the District's exclusion of certain commercial and undeveloped non-residential territory located to the West of Interstate 45 in order to facilitate the annexation of such territory by the City.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Inventory

Inventory is valued at cost. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased and significant inventories on hand at the balance sheet date are reported as an asset in the balance sheet. Reported inventory is equally offset by a fund balance reserve which indicates that it does not constitute "available spendable resources."

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

| | |
|---------------------|-------------|
| Plant and equipment | 10-45 years |
| Underground lines | 45 years |

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

| | |
|---|---------------------|
| Total fund balances, end of year | \$ 1,025,300 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Total capital assets, net | 4,963,437 |
| Some receivables that do not provide current financial resources are not reported as receivables in the funds: | |
| Uncollected property taxes | <u>33,681</u> |
| Net position, end of year | <u>\$ 6,022,418</u> |

Reconciliation of net change in fund balances to change in net position:

| | |
|---|--------------------------|
| Total net change in fund balances | \$ (328,469) |
| The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | |
| Capital outlay | \$ 535,085 |
| Depreciation | <u>(260,341)</u> 274,744 |
| Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds: | |
| Uncollected property taxes | <u>(1,199)</u> |
| Change in net position | <u>\$ (54,924)</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|------------|------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 67,672 | \$ | \$ | \$ 67,672 |
| Construction in progress | 145,683 | 450,455 | 143,214 | 452,924 |
| Total capital assets not being depreciated | 213,355 | 450,455 | 143,214 | 520,596 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 238,122 | | | 238,122 |
| Machinery and equipment | 170,326 | | | 170,326 |
| Infrastructures | 12,742,651 | 227,844 | | 12,970,495 |
| Total depreciable capital assets | 13,151,099 | 227,844 | 0 | 13,378,943 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (165,623) | (8,484) | | (174,107) |
| Machinery and equipment | (166,223) | (216) | | (166,439) |
| Infrastructures | (8,343,915) | (251,641) | | (8,595,556) |
| Total accumulated depreciation | (8,675,761) | (260,341) | 0 | (8,936,102) |
| Total depreciable capital assets, net | 4,475,338 | (32,497) | 0 | 4,442,841 |
| Total capital assets, net | \$ 4,688,693 | \$ 417,958 | \$ 143,214 | \$ 4,963,437 |
| Changes to capital assets: | | | | |
| Capital outlay | | \$ 535,085 | \$ | |
| Assets transferred to depreciable assets | | 143,214 | 143,214 | |
| Depreciation expense for the fiscal year | | (260,341) | | |
| Net increases / decreases to capital assets | | \$ 417,958 | \$ 143,214 | |

NOTE 5: LONG-TERM LIABILITIES

| | |
|--|--------------|
| Bonds voted for financing facilities | \$ 6,470,000 |
| Bonds for financing facilities approved for sale and sold | 6,470,000 |
| Bonds voted for financing facilities and not issued | 0 |
| | |
| Bonds voted for financing parks and recreational facilities | \$ 2,000,943 |
| Bonds voted for financing parks and recreational facilities and issued | 0 |
| Bonds voted for financing parks and recreational facilities and not issued | 2,000,943 |

On January 27, 2022, the District sold its \$1,675,000 Series 2022 unlimited tax park bonds.

At September 30, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Montgomery Central Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after September 30 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held on November 6, 2007, the voters within the District authorized a maintenance tax without limit as to rate or amount on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 10, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$160,052,645:

| | Rate | Amount |
|-------------|------------|------------|
| Maintenance | \$ 0.32000 | \$ 515,900 |

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

| | |
|--|------------|
| 2020 tax year total property tax levy | \$ 515,900 |
| Appraisal district adjustments to prior year taxes | 1,786 |
| Statement of Activities property tax revenues | \$ 517,686 |

NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool. The private sector investment pool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$383,766.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2021, the District had physical damage coverage of \$5,891,756, mobile equipment coverage of \$69,878, boiler and machinery coverage of \$800,000, general liability coverage with a per occurrence limit of \$5,000,000 and \$10,000,000 general aggregate, automobile liability coverage of \$500,000, employee’s crime coverage of \$50,000, and statutory worker's compensation coverage with the Texas Municipal League Intergovernmental Risk Pool (the "Pool"). The Pool is a public entity risk pool currently operating as a common risk management and insurance program for various Texas public entities. The District pays annual premiums for its general insurance coverage. The Pool purchases reinsurance for protection against catastrophic losses that exceed the Pool's self-insurance retention. This reinsurance is purchased from companies rated A- or higher by A. M. Best Company.

NOTE 9: CONTRACT WITH EAST PLANTATION UTILITY DISTRICT

On March 28, 2019, the District entered into a ten year agreement with the East Plantation Utility District ("EPUD") upon the expiration of the original 1979 agreement. Under the terms of the agreement, the District owns 59% of the District’s sewage treatment facilities and EPUD owns 41%. In addition the districts each own half of the joint sewage trunkline improvements serving EPUD. Costs of operating the sewage treatment facilities are divided based upon the number of connections served by each district and are billed to EPUD monthly. Capital improvements are billed based upon capacity owned by each district. The District billed EPUD \$95,559 for operations and \$225,820 for capital improvements during the fiscal year ended September 30, 2021, of which \$13,699 was receivable at that date. The agreement also provides that each district will provide water to the other district in event of emergency at cost.

NOTE 10: GROUNDWATER CONSERVATION DISTRICT

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77th Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected seven member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 8.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of September 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well. The District’s well regulatory water use fees payable to the LSGCD for the fiscal year ended September 30, 2021, were \$19,199. The District billed its customers \$15,026 during the fiscal year to pay for the fees charged by the LSGCD.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 480,616 | \$ 480,616 | \$ 518,885 | \$ 38,269 |
| Water service | 181,500 | 181,500 | 256,631 | 75,131 |
| Sewer service | 346,000 | 346,000 | 353,875 | 7,875 |
| Service to East Plantation Utility District | 102,000 | 102,000 | 95,559 | (6,441) |
| Surface water fees | 12,000 | 12,000 | 15,026 | 3,026 |
| Penalty and interest | 10,800 | 10,800 | 25,642 | 14,842 |
| Interest on deposits | 24,264 | 24,264 | 501 | (23,763) |
| Other revenues | <u>7,500</u> | <u>7,500</u> | <u>20,228</u> | <u>12,728</u> |
| TOTAL REVENUES | <u>1,164,680</u> | <u>1,164,680</u> | <u>1,286,347</u> | <u>121,667</u> |
| EXPENDITURES | | | | |
| Service operations: | | | | |
| Personnel salaries and benefits | 331,880 | 331,880 | 298,775 | (33,105) |
| Professional fees | 166,000 | 166,000 | 332,041 | 166,041 |
| Contracted services | 24,000 | 24,000 | 26,047 | 2,047 |
| Utilities | 109,540 | 109,540 | 112,588 | 3,048 |
| Surface water fees | 19,000 | 19,000 | 19,199 | 199 |
| Repairs, maintenance and other operating expenditures | 451,220 | 451,220 | 219,107 | (232,113) |
| Administrative expenditures | 63,040 | 63,040 | 71,974 | 8,934 |
| Capital outlay | <u>0</u> | <u>0</u> | <u>535,085</u> | <u>535,085</u> |
| TOTAL EXPENDITURES | <u>1,164,680</u> | <u>1,164,680</u> | <u>1,614,816</u> | <u>450,136</u> |
| EXCESS REVENUES (EXPENDITURES) | 0 | 0 | (328,469) | (328,469) |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,353,769</u> | <u>1,353,769</u> | <u>1,353,769</u> | <u>0</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 1,353,769</u> | <u>\$ 1,353,769</u> | <u>\$ 1,025,300</u> | <u>\$ (328,469)</u> |

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable
- TSI-5. Long-Term Debt Service Requirements by Years
None at September 30, 2021.
- TSI-6. Changes in Long-Term Bonded Debt
Not Applicable.
- TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- TSI-8. Board Members, Key Personnel and Consultants

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2021

1. Services Provided by the District during the Fiscal Year:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

| | <u>Minimum Charge</u> | <u>Minimum Usage</u> | <u>Flat Rate Y/N</u> | <u>Rate per 1000 Gallons Over Minimum</u> | <u>Usage Levels</u> |
|--------|-----------------------|----------------------|----------------------|---|---------------------|
| WATER: | \$12.75 | under 3,000 | Y | \$2.85 | 3,001 to 10,000 |
| | | | | 3.15 | 10,001 to 20,000 |
| | | | | 3.55 | 20,001 to 30,000 |
| | | | | 4.00 | 30,001 to 40,000 |
| | | | | 4.75 | 40,001 to 50,000 |
| | | | | 6.00 | Over 50,000 |

| | | | | | |
|-------------|---------|-------------|---|--------|--|
| WASTEWATER: | \$31.00 | under 3,000 | Y | \$0.00 | |
| | 39.00 | over 3,000 | Y | 0.00 | |

SURCHARGE: 0.50 % of monthly billing -- TCEQ assessment fees.
 \$0.14 per 1,000 gallons of water used. – LSGCD surface water fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$32.70 Wastewater: \$39.00 Surcharge: \$1.76

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2021

b. Water and Wastewater Retail Connections (unaudited):

| <u>Meter Size</u> | <u>Total Connections</u> | <u>Active Connections</u> | <u>ESFC* Factor</u> | <u>Active ESFCs</u> |
|--------------------|--------------------------|---------------------------|---------------------|---------------------|
| Unmetered | 0 | 0 | 1.0 | 0 |
| < or = 3/4" | 939 | 905 | 1.0 | 905 |
| 1" | 21 | 21 | 2.5 | 53 |
| 1-1/2" | 1 | 1 | 5.0 | 5 |
| 2" | 6 | 6 | 8.0 | 48 |
| 3" | 0 | 0 | 15.0 | 0 |
| 4" | 0 | 0 | 25.0 | 0 |
| 6" | 0 | 0 | 50.0 | 0 |
| 8" | 0 | 0 | 80.0 | 0 |
| 10" | 0 | 0 | 115.0 | 0 |
| Total Water | <u>967</u> | <u>933</u> | | <u>1,011</u> |
| Total Wastewater** | <u>957</u> | <u>924</u> | 1.0 | <u>924</u> |

*Single family equivalents

**Does not include the approximately 550 sewer connections in East Plantation Utility District.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 96,738
 Gallons billed to customers (unaudited): 94,574

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 98%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------------|----------------------------------|--------------------------------------|---|
| CURRENT | | | | |
| Personnel salaries and benefits: | | | | |
| Salaries and wages | \$ 226,742 | \$ | \$ | \$ 226,742 |
| Employee insurance | 53,584 | | | 53,584 |
| Payroll taxes | 18,449 | | | 18,449 |
| | <u>298,775</u> | <u>0</u> | <u>0</u> | <u>298,775</u> |
| Professional fees: | | | | |
| Auditing | 9,300 | | | 9,300 |
| Legal | 261,839 | | | 261,839 |
| Engineering | 60,902 | | | 60,902 |
| | <u>332,041</u> | <u>0</u> | <u>0</u> | <u>332,041</u> |
| Contracted services: | | | | |
| Bookkeeping | 21,669 | | | 21,669 |
| Tax assessor-collector | 364 | | | 364 |
| Central appraisal district | 4,014 | | | 4,014 |
| | <u>26,047</u> | <u>0</u> | <u>0</u> | <u>26,047</u> |
| Utilities | <u>112,588</u> | <u>0</u> | <u>0</u> | <u>112,588</u> |
| Surface water fees | <u>19,199</u> | <u>0</u> | <u>0</u> | <u>19,199</u> |
| Repairs, maintenance and other operating expenditures: | | | | |
| Repairs and maintenance | 159,591 | | | 159,591 |
| Sludge hauling | 20,500 | | | 20,500 |
| Chemicals | 20,942 | | | 20,942 |
| Laboratory costs | 14,118 | | | 14,118 |
| TCEQ assessment | 2,947 | | | 2,947 |
| Other | 1,009 | | | 1,009 |
| | <u>219,107</u> | <u>0</u> | <u>0</u> | <u>219,107</u> |
| Administrative expenditures: | | | | |
| Director's fees | 8,900 | | | 8,900 |
| Office supplies and postage | 8,223 | | | 8,223 |
| Insurance | 26,605 | | | 26,605 |
| Permit fees | 6,273 | | | 6,273 |
| Other | 21,973 | | | 21,973 |
| | <u>71,974</u> | <u>0</u> | <u>0</u> | <u>71,974</u> |
| CAPITAL OUTLAY | | | | |
| Authorized expenditures | <u>535,085</u> | <u>0</u> | <u>0</u> | <u>535,085</u> |
| TOTAL EXPENDITURES | <u>\$ 1,614,816</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,614,816</u> |

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------------|----------------------------------|--------------------------------------|---|
| SOURCES OF DEPOSITS | | | | |
| Cash receipts from revenues | \$ 1,310,631 | \$ | \$ | \$ 1,310,631 |
| Other district's share of construction costs | 225,820 | | | 225,820 |
| Increase in customer and other deposits | <u>4,816</u> | <u> </u> | <u> </u> | <u>4,816</u> |
| TOTAL DEPOSITS PROVIDED | <u>1,541,267</u> | <u>0</u> | <u>0</u> | <u>1,541,267</u> |
| APPLICATIONS OF DEPOSITS | | | | |
| Cash disbursements for: | | | | |
| Current expenditures | 1,069,759 | | | 1,069,759 |
| Other district's share of construction costs | 225,820 | | | 225,820 |
| Capital outlay | <u>535,085</u> | <u> </u> | <u> </u> | <u>535,085</u> |
| TOTAL DEPOSITS APPLIED | <u>1,830,664</u> | <u>0</u> | <u>0</u> | <u>1,830,664</u> |
| INCREASE (DECREASE) IN DEPOSITS | (289,397) | 0 | 0 | (289,397) |
| DEPOSITS BALANCES, BEGINNING OF YEAR | <u>890,808</u> | <u>0</u> | <u>0</u> | <u>890,808</u> |
| DEPOSITS BALANCES, END OF YEAR | <u>\$ 601,411</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 601,411</u> |

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICTSCHEDULE OF TEMPORARY INVESTMENTSSEPTEMBER 30, 2021

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Year End Balance</u> | <u>Accrued Interest Receivable</u> |
|---------------------|--------------------------|--------------------------|-----------------------------|--|
| GENERAL FUND | | | | |
| Texas CLASS | | | | |
| No. TX-01-0752-0001 | Market | On demand | \$ <u>383,766</u> | \$ <u>0</u> |

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | <u>Maintenance Taxes</u> |
|---|------------------------------|
| RECEIVABLE, BEGINNING OF YEAR | \$ 34,880 |
| Additions and corrections to prior year taxes | <u>1,786</u> |
| Adjusted receivable, beginning of year | 36,666 |
| 2020 ADJUSTED TAX ROLL | <u>515,900</u> |
| Total to be accounted for | 552,566 |
| Tax collections: Current tax year | (501,741) |
| Prior tax years | <u>(17,144)</u> |
| RECEIVABLE, END OF YEAR | <u><u>\$ 33,681</u></u> |
| RECEIVABLE, BY TAX YEAR | |
| 2010 and prior | \$ 508 |
| 2011 | 66 |
| 2012 | 63 |
| 2013 | 333 |
| 2014 | 355 |
| 2015 | 714 |
| 2016 | 1,312 |
| 2017 | 2,742 |
| 2018 | 5,913 |
| 2019 | 7,516 |
| 2020 | <u>14,159</u> |
| RECEIVABLE, END OF YEAR | <u><u>\$ 33,681</u></u> |

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Land | \$ 24,276,884 | \$ 22,052,884 | \$ 22,138,391 | \$ 20,343,641 |
| Improvements | 153,986,594 | 150,205,061 | 124,443,240 | 139,598,700 |
| Personal property | 4,021,620 | 4,559,231 | 4,442,425 | 4,917,782 |
| Less exemptions | <u>(22,232,453)</u> | <u>(23,567,446)</u> | <u>(16,169,778)</u> | <u>(16,379,958)</u> |
| TOTAL PROPERTY VALUATIONS | <u>\$ 160,052,645</u> | <u>\$ 153,249,730</u> | <u>\$ 134,854,278</u> | <u>\$ 148,480,165</u> |
| MAINTENANCE TAX RATES PER \$100 VALUATION* | <u>\$ 0.32000</u> | <u>\$ 0.32000</u> | <u>\$ 0.32000</u> | <u>\$ 0.32000</u> |
| TAX ROLLS | <u>\$ 515,900</u> | <u>\$ 489,397</u> | <u>\$ 431,451</u> | <u>\$ 475,134</u> |
| PERCENT OF TAXES COLLECTED TO TAXES LEVIED | <u>97.3 %</u> | <u>98.5 %</u> | <u>98.6 %</u> | <u>99.4 %</u> |

*Maximum tax rate approved by voters on November 6, 2007: Unlimited

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED SEPTEMBER 30

| | AMOUNT | | | | | PERCENT OF TOTAL REVENUES | | | | |
|---|---------------------|-----------------------|-------------------|--------------------|-------------------|---------------------------|------------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2021 | 2020 | 2019 | 2018 | 2017 |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 518,885 | \$ 484,125 | \$ 424,495 | \$ 474,857 | \$ 483,530 | 40.3 % | 39.2 % | 35.9 % | 42.2 % | 36.7 % |
| Water and sewer service | 610,506 | 570,137 | 556,154 | 520,771 | 545,267 | 47.5 | 46.3 | 47.0 | 46.4 | 41.5 |
| Service to East Plantation Utility District | 95,559 | 88,458 | 95,113 | 67,039 | 228,119 | 7.4 | 7.2 | 8.0 | 6.0 | 17.4 |
| Surface water fees | 15,026 | 16,468 | 12,656 | 12,836 | 12,557 | 1.2 | 1.3 | 1.1 | 1.1 | 1.0 |
| Penalty and interest | 25,642 | 22,020 | 21,132 | 22,538 | 25,996 | 2.0 | 1.8 | 1.8 | 2.0 | 2.0 |
| Interest on deposits | 501 | 33,970 | 57,802 | 20,078 | 11,366 | 0.0 | 2.8 | 4.9 | 1.8 | 0.9 |
| Other revenues | 20,228 | 17,607 | 15,381 | 5,282 | 6,561 | 1.6 | 1.4 | 1.3 | 0.5 | 0.5 |
| TOTAL REVENUES | 1,286,347 | 1,232,785 | 1,182,733 | 1,123,401 | 1,313,396 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Personnel salaries and benefits | 298,775 | 306,981 | 298,265 | 283,223 | 251,480 | 23.2 | 24.9 | 25.1 | 25.3 | 19.1 |
| Professional fees | 332,041 | 269,325 | 96,488 | 51,487 | 18,154 | 25.8 | 21.8 | 8.2 | 4.6 | 1.4 |
| Contracted services | 26,047 | 25,556 | 24,670 | 22,111 | 21,490 | 2.0 | 2.1 | 2.1 | 2.0 | 1.6 |
| Utilities | 112,588 | 89,056 | 80,446 | 112,302 | 108,725 | 8.8 | 7.2 | 6.8 | 10.0 | 8.3 |
| Surface water fees | 19,199 | 19,199 | 13,764 | 14,574 | 11,858 | 1.5 | 1.6 | 1.2 | 1.3 | 0.9 |
| Repairs, maintenance and other operating expenditures | 219,107 | 341,677 | 260,551 | 184,694 | 538,197 | 17.0 | 27.8 | 22.0 | 16.4 | 40.9 |
| Administrative expenditures | 71,974 | 58,068 | 45,702 | 54,434 | 41,725 | 5.6 | 4.7 | 3.9 | 4.8 | 3.2 |
| Capital outlay | 535,085 | 1,822,897 | 220,658 | 428,391 | 110,433 | 41.6 | 147.8 | 18.7 | 38.1 | 8.4 |
| TOTAL EXPENDITURES | 1,614,816 | 2,932,759 | 1,040,544 | 1,151,216 | 1,102,062 | 125.5 | 237.9 | 88.0 | 102.5 | 83.8 |
| EXCESS REVENUES (EXPENDITURES) | \$ (328,469) | \$ (1,699,974) | \$ 142,189 | \$ (27,815) | \$ 211,334 | (25.5) % | (137.9) % | 12.0 % | (2.5) % | 16.2 % |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | 933 | 934 | 935 | 927 | 906 | | | | | |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | 924 | 915 | 917 | 927 | 888 | | | | | |

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

SEPTEMBER 30, 2021

Complete District Mailing Address: River Plantation Municipal Utility District
P.O. Box 747
Conroe, Texas 77305

District Business Telephone No.: 936-273-4641

Submission date of the most recent District Registration Form: September 20, 2021

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

| <u>Name and Address</u> | <u>Term of Office (Elected/ Appointed)</u> | <u>Fees of Office Paid</u> | <u>Expense Reimb.</u> | <u>Title at Year End</u> |
|--|--|------------------------------------|---------------------------|-------------------------------------|
| Julie Gilmer P.O. Box 747 Conroe, Texas 77305 | Elected 5/05/18- 5/07/22 | \$ 2,500 | \$ 0 | President |
| Timothy Goodman P.O. Box 747 Conroe, Texas 77305 | Elected 5/05/18- 5/07/22 | 2,300 | 0 | Vice President |
| Gerald Smith P.O. Box 747 Conroe, Texas 77305 | Elected 5/02/20- 5/04/24 | 2,000 | 0 | Secretary |
| Thomas Vandever P.O. Box 747 Conroe, Texas 77305 | Elected 5/02/20- 5/04/24 | 2,100 | 0 | Treasurer/ Investment Officer |
| Mark Robin P.O. Box 747 Conroe, Texas 77305 | Elected 5/05/18- 5/07/22 | 0 | 0 | Director |

See accompanying independent auditor's report.

RIVER PLANTATION MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2021

KEY PERSONNEL

| <u>Name and Address</u> | <u>Date Hired</u> | <u>Fees and Expense Reimbursements</u> | <u>Title at Year End</u> |
|--|-------------------|--|--------------------------|
| Richard Ramirez P.O. Box 747 Conroe, Texas 77305 | 2002 | \$ 89,530 | General Manager |

CONSULTANTS

| <u>Name and Address</u> | <u>Date Hired</u> | <u>Fees and Expense Reimbursements</u> | <u>Title at Year End</u> |
|--|--------------------|--|----------------------------|
| Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019 | 2008 | \$ 259,446 | Attorney |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008 | Prior to 2012 | 2,893 | Delinquent Tax Attorney |
| Municipal Accounts & Consulting, L.P. 611 Longmire Road, Suite 1 Conroe, Texas 77304 | 10/01/13 | 22,905 | Bookkeeper |
| Bleyl & Associates 100 Nugent Street Conroe, Texas 77301 | Replaced 1/11/21 | 8,498 | Engineer |
| Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079 | 1/11/21 | 58,122 | Engineer |
| Tammy J. McRae Montgomery County TAC 400 N. San Jacinto Conroe, Texas 77301 | 2/01/96 | 364 | Tax Assessor-Collector |
| Montgomery Central Appraisal District P.O. Box 2233 Conroe, Texas 77305 | Legislative Action | 4,014 | Central Appraisal District |
| RBC Capital Markets, LLC 609 Main Street, Suite 3600 Houston, Texas 77002 | 2/25/21 | 0 | Financial Advisor |
| Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477 | 9/27/12 | 9,300 | Independent Auditor |

See accompanying independent auditor's report.

APPENDIX B
Specimen Municipal Bond Insurance Policy



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

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

Telecopy:

212-962-1524 (attention: Claims)

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