

RESOLUTION NO. 20091001-031

WHEREAS, on February 16, 1984, the City of Austin (City) consented to the creation of River Place Municipal Utility District (District) and authorized the execution of the Agreement Concerning Creation and Operation of River Place Municipal Utility District, as amended (Consent Agreement), in Ordinance No. 840216-F; and

WHEREAS, in accordance with the terms of the Consent Agreement, the District has issued its Unlimited Tax and Revenue Bonds, Series 1995 in the original principal amount of \$4,000,000, Unlimited Tax and Revenue Bonds, Series 1998 in the original principal amount of \$2,700,000, Unlimited Tax and Revenue Bonds, Series 2000 in the original principal amount of \$4,650,000, and Unlimited Tax and Revenue Refunding Bonds, Series 2002 in the original principal amount of \$2,724,684; and

WHEREAS, the District and the City entered into a Strategic Partnership Agreement between the City of Austin and the River Place Municipal Utility District, effective as of September 7, 2009 (Strategic Partnership Agreement), providing the terms and conditions for annexation

of the District by the City pursuant to which the District will convert into a limited district at the time of full purpose annexation of the District on December 31, 2017; and

WHEREAS, the Strategic Partnership Agreement requires the consent of the City to issue new bonds for any purpose in accordance with section 4.03(a) of that agreement and the Consent Agreement requires that the District obtain the City's consent to issue bonds; and

WHEREAS, the District has requested that the City Council consent to the issuance of bonds by the District for the purpose of refunding a portion of the outstanding bonds of the District listed above (Refunded Bonds); and

WHEREAS, the District has represented to the City that (1) the Refunded Bonds will be refunded only if the District realizes a net present value savings of at least 4.25%; (2) the Refunded Bonds will be called for redemption prior to their scheduled maturities as set forth in the bond resolutions authorizing the issuance of each series of bonds; and (3) the District is in all material respects in compliance with the terms and conditions of the Consent Agreement and the Strategic Partnership Agreement; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
AUSTIN:**

The City Council approves the District's issuance of Unlimited Tax Refunding Bonds, Series 2009, in a principal amount not to exceed \$7,025,000 (Refunding Bonds), and the draft of the District's Order Authorizing the Issuance of the Refunding Bonds and the Preliminary Official Statement for the Refunding Bonds in substantially the form attached as Exhibits A and B and incorporated by reference, subject to final review and approval of the final offering documents by the director of the City's Department of Financial and Administrative Services;

BE IT FURTHER RESOLVED:

The City Council's approval is effective only to the extent that (1) the principal amount of the Refunding Bonds does not exceed \$7,025,000; (2) the Refunding Bonds produces a minimum net present value savings of at least 4.25%; (3) the final maturity of the Refunding Bonds does not extend beyond September 1, 2019; and (4) the City

confirms that the requirements set forth in clauses (1) through (3) above have been satisfied.

BE IT FURTHER RESOLVED:

The City Manager may take such steps as are necessary to carry out the intent of this resolution and shall obtain from the District all final resolutions, agreements, and other instruments necessary to confirm that the conditions for the issuance of the Refunding Bonds by the District set forth above have been satisfied.

ADOPTED: October 1, 2009 **ATTEST:** Shirley A. Gentry
Shirley A. Gentry
City Clerk

ORDER AUTHORIZING THE ISSUANCE OF RIVER PLACE MUNICIPAL
UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS; LEVYING
AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN
OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A BOND
PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT
AND AN ESCROW AGREEMENT; ESTABLISHING PROCEDURES FOR
SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER
MATTERS RELATED TO THE ISSUANCE OF THE BONDS

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**ORDER AUTHORIZING THE ISSUANCE OF RIVER PLACE MUNICIPAL
UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS; LEVYING
AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING
AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A
BOND PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR
AGREEMENT AND AN ESCROW AGREEMENT; ESTABLISHING PROCEDURES
FOR SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER
MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

THE STATE OF TEXAS	§
COUNTY OF TRAVIS	§
RIVER PLACE MUNICIPAL UTILITY DISTRICT	§

WHEREAS, River Place Municipal Utility District (the "District") was duly created by order of the Texas Natural Resources Conservation Commission, now known as the Texas Commission on Environmental Quality (the "Commission") dated May 22, 1985 as a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution; and

WHEREAS, the District currently operates pursuant to Chapters 49 and 54, Texas Water Code, as amended; and

WHEREAS, the District currently has outstanding various series of bonds including its Unlimited Tax and Revenue Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax and Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax and Revenue Bonds, Series 2000 (the "Series 2000 Bonds") and Unlimited Tax and Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds"); and

WHEREAS, the District now desires to refund all or part of its outstanding Series 1995 Bonds, Series 1998 Bonds, Series 2000 Bonds and Series 2002 Bonds (the "Refundable Bonds"), and those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate, each as defined below, to be refunded are herein referred to as the "Refunded Bonds"); and

WHEREAS, all the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial

bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Chapter 1207 further authorizes the District to enter into an escrow agreement with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the District and such escrow agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by said Chapter 1207; and

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds in order to achieve a net present value debt service savings of not less than 4.25% with such savings, among other information and terms to be included in a pricing certificate (the "Pricing Certificate") to be executed by the District's _____ or in her absence the _____, acting as the designated pricing officer of the District (the "Pricing Officer"), all in accordance with the provisions of Chapter 1207, including Section 1207.007 thereof; and

THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE RIVER PLACE MUNICIPAL UTILITY DISTRICT:

ARTICLE ONE

PREAMBLE

SECTION 1.01 **INCORPORATION OF PREAMBLE.** The Board of Directors of the River Place Municipal Utility District (the "District") hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that the recitals are true and correct.

ARTICLE TWO

DEFINITIONS AND INTERPRETATIONS

SECTION 2.01. **DEFINITIONS.** When used in this Order, except in Article Six, and in any resolution, order or order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Accreted Value" shall mean, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the

Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Additional Bonds" means the additional bonds payable from ad valorem taxes which the Board expressly reserves the right to issue in 11.01 of this Bond Order.

"Authorized Investments" means such investments authorized pursuant to the investment policy of the District and Chapter 2256 of the Government Code, as amended.

"Board of Directors" or "Board" means the governing body of the District.

"Bond Insurer" means the insurer of the bonds, if any, as designated in the Pricing Certificate.

"Bonds" shall mean and include collectively the Premium Compound Interest Bonds and Current Interest Bonds initially issued and delivered pursuant to this Order and the Pricing Certificate and all substitute Bonds and Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"Bond Order" or "Order" means this Order of the Board of Directors authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Consent Agreement" means the Agreement Concerning Creation and Operation of River Place Municipal Utility District, executed on February 24, 1984; the First Amendment Agreement Concerning Creation and Operation of River Place Municipal Utility District, executed on August 22, 1984; the Second Amendment to Agreement Concerning Creation and Operation of River Place Municipal Utility District, executed on May 14, 1992; the Third Amendment to Agreement Concerning Creation and operation of River Place Municipal Utility District, executed on April 8, 1993; the Fourth Amendment to Agreement Concerning Creation and Operation of River Place Municipal Utility District, executed on June 19, 1995; and the Fifth Amendment to Agreement Concerning Creation and Operation of River Place Municipal Utility District, executed on February 3, 2000.

"Current Interest Bonds" shall mean the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii)

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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

"District" means River Place Municipal Utility District and any other public agency succeeding to the powers, rights, privileges, and functions of the District and, when appropriate, the Board of Directors of the District.

"Escrow Agent" means Wells Fargo Bank, N.A. Austin, Texas or any successors escrow agent under the Escrow Agreement.

"Escrow Agreement" means the agreement by and between the District and the Escrow Agent relating to the defeasance of the Refunded Bonds.

"Exchange Bonds" means Bonds registered, authenticated, and delivered by the Registrar, as provided in Section 4.01 of this Bond Order.

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period for the District, which presently is the twelve-month period beginning on October 1 of each year and ending on September 30 of the following year, but which may be changed from time to time by the Board of Directors.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Section 3.02 of this Bond Order.

"Interest Payment Date" means a date on which interest on the Bonds is due and payable as set forth in the Pricing Certificate.

"Outstanding" when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon delivered except; (a) any Bond canceled by or on behalf of the District at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of this Order or otherwise defeased as permitted by applicable law and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Order.

"Outstanding Bonds" means the District's outstanding Unlimited Tax and Revenue Bonds, Series 1995, dated August 1, 1995, issued in the original principal amount of \$4,000,000, the District's outstanding Unlimited Tax and Revenue Bonds, Series 1998, dated September 1, 1998, issued in the original principal amount of \$2,700,000, the District's outstanding Unlimited Tax and Revenue Bonds, Series 2000, dated March 1, 2000, issued in the original principal amount of

\$4,650,000 and the District's outstanding Unlimited Tax and Revenue Refunding Bonds, Series 2002, dated December 1, 2002, issued in the original principal amount of \$2,724,684.

"Premium Compound Interest Bonds" shall mean the Bonds on which no interest is paid prior to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"Pricing Certificate" means the Pricing Certificate of the District's Pricing Officer to be executed and delivered pursuant to Section 3.02 hereof in connection with the Bonds.

"Pricing Officer" means the _____ of the District's Board of Directors or in his absence the _____ or _____, acting as the designated pricing officer of the District to execute the Pricing Certificate.

"Record Date" means the 15th day of the month next preceding each Interest Payment Date, whether or not such dates are Business Days.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Bond Order.

"Refundable Bonds" means the outstanding Series 1995 Bonds, Series 1998 Bonds, Series 2000 and Series 2002 Bonds.

"Refunded Bonds" means those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate to be refunded.

"Register" means the registry system maintained on behalf of the District by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"Registered Owner" or "Owner" means any person or entity in whose name a Bond is registered.

"Registrar" or "Paying Agent/Registrar" means Wells Fargo Bank, N.A., or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Order.

"Replacement Bonds" means the Bonds authorized by the District to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 4.02 of this Bond Order.

"Series 1995 Bonds" means the River Place Municipal Utility District Unlimited Tax and Revenue Bonds, Series 1995 issued in the original aggregate principal amount of \$4,000,000.

"Series 1998 Bonds" means the River Place Municipal Utility District Unlimited Tax and Revenue Bonds, Series 1998 issued in the original aggregate principal amount of \$2,700,000.

"Series 2000 Bonds" means the River Place Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2000 issued in the original aggregate principal amount of \$4,650,000.

"Series 2002 Bonds" means the River Place Municipal Utility District Unlimited Tax and Revenue Refunding Bonds, Series 2002 issued in the original aggregate principal amount of \$2,724,684.

"Series" means each series of Bonds issued, from time to time, pursuant to this Order.

"System" means the water system, sanitary sewer system, and drainage and storm sewer system of the District, including, but not limited to, all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, together with any additional or extensions thereto or improvements and replacements thereof.

"Underwriter" means the senior managing underwriter as selected by the Pricing Officer, and such additional investment banking firms, if any, as they Pricing Officer deems appropriate.

SECTION 2.02. INTERPRETATIONS. The titles and headings of the articles and sections and the page numbers of this Bond Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Bond Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the taxes levied in payment thereof.

ARTICLE THREE

AUTHORIZATION, REGISTRATION, EXECUTION, AND AUTHENTICATION OF BONDS

SECTION 3.01. AMOUNT, NAME, PURPOSE, AND AUTHORIZATION. Each Bond issued pursuant to this Bond Order shall be known and designated: "RIVER PLACE MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BOND," and the Bonds are hereby authorized to be issued and delivered in the maximum aggregate principal amount not to exceed \$7,025,000 for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds. The title of each of the Bonds shall be designated with a series designation followed by the year in which it is awarded pursuant to Section 3.02 below. No Bonds shall be issued under this Bond Order after 5:00 central time on March 22, 2010.

SECTION 3.02. DATE, DENOMINATIONS, NUMBERS, DELEGATION TO PRICING OFFICER. (a) There initially shall be issued, sold and delivered fully registered bonds,

without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from PC-1 upward, and in the case of Premium Compound Interest Bonds (except the initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1, respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner" or the "Owner"), in the denomination of \$5,000 or any integral multiple thereof with respect to Current Interest Bonds and in the denomination of \$5,000 in Maturity Amount or any integral multiple thereof with respect to Premium Compound Interest Bonds (each an "Authorized Denomination"), maturing not later than September 1, 2019, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (b) of this Section. The Pricing Certificate is hereby incorporated in and made a part of this Order and shall be filed in the minutes of the Board as a part of this Order.

(b) As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the District in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" under this Order and carrying out the other procedures specified in this Order, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 95% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than the maximum authorized by law, and (iii) the refunding must produce a present value debt service savings of at least 4.25%, net of any District contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 3.01, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds. To achieve the lowest borrowing costs, the Bonds shall be sold to the public on a negotiated basis. The Pricing Officer shall designate the senior managing underwriter for the Bonds and such additional investment banking firms as he or she deems appropriate to assure that the Bonds are sold on the most advantageous terms. The Pricing Officer, acting for and on behalf of the District, is authorized to enter into and carry out a bond purchase contract with the underwriter(s) at such price, with and subject to such terms as determined by the Pricing Officer.

(c) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in

this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on the dates set forth in the Pricing Certificate (the "Compounding Dates") commencing on the date set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be an Exhibit (the "Accretion Table") that will set forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and Maturity Amounts thereof (per \$5,000 Maturity Amount) as of each Compounding Date, commencing the date set forth in the Pricing Certificate, and continuing until the final maturity of such Premium Compound Interest Bonds. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

SECTION 3.03. RESERVED.

SECTION 3.04. PAYMENT OF PRINCIPAL AND INTEREST. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds, shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, whether at maturity or by prior redemption in the case of the Bonds, at the office for payment of the Registrar. The interest on each Bond shall be payable on as set forth in the Pricing Certificate by check or draft payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Registered Owner as shown on the Register on the Record Date or, at the request of a Registered Owner, and at the Registered Owner's risk and expense, in such other manner as may be acceptable to the Registered Owner and the Registrar. Any accrued interest payable at maturity or earlier redemption, in the case of the Bonds, shall be paid upon presentation and surrender of the Bond to which such interest appertains.

If the date for payment on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

SECTION 3.05. SUCCESSOR REGISTRARS. The District covenants that at all times while any Bonds are outstanding it will provide a bank, trust company, financial institution or

other entity duly qualified and duly authorized to act as Registrar for the Bonds. The District reserves the right to change the Registrar on not less than 30 days written notice to the Registrar, so long as any such notice is effective at such time as to not disrupt payment on the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first-class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

SECTION 3.06. SPECIAL RECORD DATE. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first-class, postage prepaid, not later than 5 days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

SECTION 3.07. REGISTERED OWNERS. The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District, nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Bond in accordance with this Section 3.07 shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

SECTION 3.08. EXECUTION OF BONDS. The Bonds shall be signed on behalf of the District by the President of the Board of Directors and attested by the Secretary or Assistant Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and the facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature appears on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

SECTION 3.09. AUTHENTICATION. The Initial Bond shall bear thereon a certificate of registration of the Comptroller of Public Accounts of the State of Texas, substantially in the form provided in Section 6.02 of this Bond Order, manually executed by the Comptroller or a duly authorized deputy. All other Bonds shall bear a certificate of authentication, substantially in the form provided in Section 6.03 of this Bond Order, manually executed by an authorized officer of

the Registrar. No Bond shall be valid or obligatory for any purpose unless either the registration certificate of the Comptroller or the authentication certificate of the Registrar has been signed by a duly authorized officer thereof.

ARTICLE FOUR

REGISTRATION, TRANSFER, AND EXCHANGE

SECTION 4.01. REGISTRATION, TRANSFER, AND EXCHANGE. So long as any Bonds remain Outstanding, the Registrar shall keep at its designated office for payment the Register, in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Bond Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at a designated office for payment of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or an authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds of the same type, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the designated office for payment of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 4.01. Each Bond delivered in accordance with this Section 4.01 shall be entitled to the benefits and security of this Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the 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. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

SECTION 4.02. MUTILATED, LOST, OR STOLEN BONDS. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Registered Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Registrar and the District to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 4.02 shall be entitled to the benefits and security of this Bond Order to the same extent as the Bond or Bonds in lieu of which such replacement is delivered.

SECTION 4.03. **CANCELLATION OF BONDS.** All Bonds paid in accordance with this Bond Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated, registered, and delivered in accordance herewith, shall be canceled and destroyed upon

the making of proper records regarding such payment, redemption, exchange, or replacement. This Registrar shall furnish the District with appropriate certificates of destruction of such Bonds.

SECTION 4.04. BOOK-ENTRY-ONLY SYSTEM. (a) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bond issued as provided in Section 3.02 shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (b) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(b) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the District determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the

Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the District to DTC.

(d) Initial Bond. The Bonds herein authorized shall be initially issued as a fully registered bond, being one Bond, and the Initial Bond shall be registered in the name of the Underwriter or the designees thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the Initial Bond on the closing date, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 3.02, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

ARTICLE FIVE

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 5.01. **REDEMPTION OF BONDS.** The Bonds are subject to redemption as set forth in the Pricing Certificate.

ARTICLE SIX

FORM OF BOND

SECTION 6.01. **FORM OF BOND.** The Bonds authorized by this Bond Order shall be in substantially the following form, with such omissions, insertions, and variations, including variations in form, spacing, and style, as may be necessary and desirable and consistent with the terms of this Bond Order and the Pricing Certificate. The District shall provide sufficient printed bond forms, duly executed by the District, to the Registrar for registration, authentication, and delivery of the Bonds in accordance with the provisions of this Bond Order.

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS**

**RIVER PLACE MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BOND
SERIES _____**

[FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS]

NO. R-

**PRINCIPAL
AMOUNT**

\$ _____

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.

*

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, RIVER PLACE MUNICIPAL UTILITY DISTRICT (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon calculated on the basis of a 360 day year of twelve 30 day months, from _____* on _____* and semiannually on each _____* and _____* thereafter (an "Interest Payment Date") to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following Interest Payment Date, in which case such principal amount shall bear interest from such next following Interest Payment Date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities

*To be completed as determined in the Pricing Certificate.

depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity at Wells Fargo Bank, N.A., which is the "Registrar" or "Paying Agent/Registrar" for this Bond, at its designated office for payment in Austin, Texas. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each Interest Payment Date by check or draft, dated as of such Interest Payment Date, drawn by the Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Registrar by United States mail, first-class postage prepaid, on or before each such Interest Payment Date, to the Registered Owner hereof, at its address as it appeared on the fifteenth (15th) calendar day of the month next preceding each such date whether or not a business day (the "Record Date") on the Register kept by the Registrar listing the names and addresses of the Registered Owners (the "Register"). In addition, interest may be paid by such other method, acceptable to the Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner as it appears on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and any redemption date for this Bond it will make available to the Registrar, from the "Debt Service Fund" the creation of which is affirmed by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

**[FORM OF FIRST PARAGRAPHS
OF PREMIUM COMPOUND INTEREST BOND]**

NO. PC-

**MATURITY
AMOUNT**
\$ _____

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.

*

REGISTERED OWNER:

MATURITY AMOUNT:

ON THE MATURITY DATE SPECIFIED ABOVE, RIVER PLACE MUNICIPAL UTILITY DISTRICT (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Maturity Amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on _____* and _____* of each year commencing _____, 20____*. For convenience of reference a table of the "Accreted Value" per \$5,000 Maturity Amount is printed on the reverse side of this Bond. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

THE MATURITY AMOUNT of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of Wells Fargo Bank, N.A., Austin, Texas, which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The District covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar,

* To be completed as determined in the Pricing Certificate.

from the "Debt Service Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

[FORM OF REMAINDER OF EACH BOND]

IF THE DATE for any payment due on this Bond shall be a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated as of _____* and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$ _____* [constituting \$ _____ Current Interest Bonds and \$ _____ Premium Compound Interest Bonds]** **FOR PURPOSES OF REFUNDING THE REFUNDED BONDS AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.** Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

ON _____, 20__* **OR ON ANY DATE THEREAFTER**, the Current Interest Bonds maturing on and after _____, 20__*, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Current Interest Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed the Registrar shall determine by lot the Current Interest Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Current Interest Bond may be redeemed only in integral multiples of \$5,000 of principal amount). [The Premium Compound Interest Bonds are not subject to redemption prior to maturity.]**

THE BONDS maturing on _____, 20__ (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

Bonds Maturing _____, 20__

* To be completed as determined in the Pricing Certificate.

** To be included only if Current Interest Bonds and Premium Compound Interest Bonds are both issued and completed as determined in the Pricing Certificate.

Redemption Date**Principal Amount**

_____, 20____

\$

_____, 20____ *

*

*Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

AT LEAST 30 calendar days prior to the date fixed for any redemption of Current Interest Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Current Interest Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Current Interest Bonds or portions for which such payment is made, all as provided above. The Current Interest Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Current Interest Bond shall be redeemed, a substitute Current Interest Bond or Bonds having the same maturity date, bearing interest at the same rate, in any authorized denomination or denominations, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the principal denomination in the case of the Bonds, of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees,

as the case may be, upon surrender of this Bond to the Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Registrar shall not be required to make any such transfer, conversion or exchange of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or Interest Payment Date or (ii) within 45 calendar days prior to its redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

THE BONDS are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order provides that the District reserves the right to consolidate with one or more conservation and reclamation districts, to consolidate its waterworks and sewer systems with the systems of such districts, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. The Bond Order further provides that the pledge of taxes, to the payment of the Bonds shall terminate at such time, if ever, as (i) money and/or defeasance obligations in an amount sufficient to defease the Bonds is deposited with or made available to the Registrar in accordance with the Bond Order or (ii) a city dissolves the District, and assumes the obligations of the District pursuant to existing Texas law and the Consent Agreement (as defined in the Bond Order) between the District and the City.

THE BONDS are issued pursuant to the Bond Order, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount, together with revenues and receipts available from other sources which are equally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the operation and maintenance of the District's facilities, the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

THE OBLIGATION to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties provided by the proceeds of the Bonds, is encumbered by any lien for the benefit of the Registered Owner of this Bond.

THE DISTRICT RESERVES THE RIGHT to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

TO THE EXTENT permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

IT IS FURTHER CERTIFIED that 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.

IN WITNESS WHEREOF, the District has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the District and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Board of Directors of the District, and has caused the official seal of the District to be duly impressed, or placed in facsimile, on this Bond.

**RIVER PLACE MUNICIPAL
UTILITY DISTRICT**

Secretary [Assistant Secretary],
Board of Directors

President [Vice President],
Board of Directors

(DISTRICT SEAL)

INSERTIONS FOR THE INITIAL BOND

1. The Initial Current Interest Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph of the Current Interest Bond shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, RIVER PLACE MUNICIPAL UTILITY DISTRICT (the "District"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Maturity Date	Principal Amount	Interest Rate
------------------	---------------------	------------------

(Information from Pricing Certificate to be inserted)

The District promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from _____* at the respective Interest Rate per annum specified above. Interest is payable on _____* and semiannually on each _____* and _____* thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond for a Current Interest Bond shall be numbered "T-1."

2. The Initial Premium Compound Interest Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

* To be completed as determined in the Pricing Certificate.

"ON THE MATURITY DATE SPECIFIED BELOW, RIVER PLACE MUNICIPAL UTILITY DISTRICT (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Payment at Maturity on _____* in each of the years and in installments of the respective Maturity Amounts set forth in the following schedule:

<u>Year</u>	<u>Maturity Amounts</u>	<u>Interest Rates</u>
-------------	-------------------------	-----------------------

(Information from Pricing Certificate to be inserted)

The amount shown above as the respective Maturity Amounts represent the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table."

C. The initial Premium Compound Interest Bond shall be numbered "TPC-1."

SECTION 6.02. REGISTRATION OF INITIAL BOND BY STATE COMPTROLLER AND CERTIFICATE. The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of the Comptroller of Public Accounts of the State of Texas shall be printed on the face of the Initial Bond and shall be in substantially the following form:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

*
To be completed as determined in the Pricing Certificate.

SECTION 6.03. **FORM OF AUTHENTICATION CERTIFICATE.** The following form of authentication certificate shall be printed on the face of each of the Bonds other than the Initial Bond:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

WELLS FARGO BANK, N.A.
Registrar

By _____
Authorized Representative

SECTION 6.04. **FORM OF ASSIGNMENT.** A form of assignment shall be printed on the back of each of the Bonds and shall be in substantially the following form:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

SECTION 6.05. **CUSIP REGISTRATION.** The President of the Board of Directors may secure the printing of identification numbers on the Bonds through the CUSIP Service Bureau.

SECTION 6.06. **LEGAL OPINION AND BOND INSURANCE.** The approving opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, may be printed on the back of the Bonds over the certification of the Secretary of the Board of Directors which may be executed in facsimile. In addition, if any bond insurance is obtained, any statement of insurance may be placed on the Bonds.

ARTICLE SEVEN

SECURITY OF THE BONDS

SECTION 7.01. **SECURITY OF BONDS.** The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the District.

SECTION 7.02. **LEVY OF TAX.** (a) To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without limit as to rate or amount on all taxable property in the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the

interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, together with budgeted revenues and receipts from other sources that are legally available for such purpose, shall be levied and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (1) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property in the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property in the District.
- (2) In determining the actual rate to be levied in each year, the Board shall consider among other things:
 - (i) the amount which should be levied for maintenance and operation purposes and for any other obligations;
 - (ii) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from taxes;
 - (iii) the amount which should be levied for the purpose of paying all other contractual obligations of the District payable in whole or in part from taxes; and
 - (iv) the percentage of anticipated tax collections and the cost of collecting the taxes.
- (3) In determining the amount of taxes which should be levied each year, the Board shall consider whether proceeds from the sale of Bonds have been placed in the Debt Service Fund to pay interest on the Bonds and whether the Board reasonably expects to have revenue or receipts available from other sources which are budgeted and legally available to pay debt service on the Bonds.
 - (b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of ad valorem taxes granted by the District under this Order, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of ad valorem taxes granted by the District under this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to

comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7.03. PAYMENT OF BONDS AND PERFORMANCE OF OBLIGATIONS. The District covenants to pay promptly the principal of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Bond Order, and to keep and perform faithfully all of its covenants, undertakings, and agreements contained in this Bond Order, or in any Bond executed, authenticated, and delivered hereunder.

SECTION 7.04. CONSOLIDATION OR DISSOLUTION OF DISTRICT. To the extent provided by law, the pledge of taxes set forth in Section 7.02 will terminate if a city takes over all properties and assets, assumes all debts, liabilities, and obligations, and performs all functions and services of the District, and the District is abolished pursuant to law and the Consent Agreement.

The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

(i) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (herein for purposes of this section the "Consolidated System").

(ii) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the revenue bonds or the combination tax and revenue bonds (herein for purposes of this section the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively the "Consolidating Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall continue to be subordinate to the first lien Revenue Bonds of the Consolidating Districts).

(iii) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on Revenue Bonds which may be issued by the Consolidating Districts on a parity with the outstanding first lien Revenue Bonds of the Consolidating Districts.

ARTICLE EIGHT

FLOW OF FUNDS AND INVESTMENTS

SECTION 8.01. CREATION OF FUNDS. The creation of the Debt Service Fund is hereby affirmed and the Escrow Fund is hereby created. Each fund shall be kept separate and apart from all other funds of the District. To the extent permitted by law, the Debt Service Fund shall

constitute a trust fund which shall be held in trust by the District for the benefit of the holders of the Outstanding Bonds and the Registered Owners of the Bonds, and the Additional Bonds, if any.

SECTION 8.02. SECURITY OF FUNDS. Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured in the manner provided by law for the security of funds of counties of the State of Texas.

SECTION 8.03. DEBT SERVICE FUND; TAX LEVY. The District shall deposit or cause to be deposited into the Debt Service Fund the aggregate of the following at the time specified:

- (a) As soon as practicable after the Bonds are sold, accrued interest on the Bonds from their date to the date of their delivery; and
- (b) The proceeds from collection of the ad valorem taxes levied, assessed and collected for and on account of the Bonds pursuant to Section 7.02 hereof, less costs of collection, as collected.

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing, direct annual ad valorem tax upon all taxable property in the District sufficient to pay the current interest on the Bonds as the same becomes due, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose. On or before the date for payment of the principal and/or Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Debt Service Fund to the Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Registrar for its services as paying agent and registrar for the Bonds from the Debt Service Fund.

SECTION 8.04. ESCROW FUND. The Escrow Fund shall be created and shall be governed by the terms of the Escrow Agreement in substantially the form attached hereto as Exhibit "B" with such changes as approved by the Pricing Officer.

SECTION 8.05. INVESTMENTS; EARNINGS. Moneys deposited into the Debt Service Fund and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments

were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

ARTICLE NINE

APPLICATION OF FUNDS

SECTION 9.01. BOND PROCEEDS. Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

SECTION 9.02. ACCRUED INTEREST. Moneys received from the purchaser of the Bonds representing accrued interest, if any, on the Bonds from their date to the date of their actual delivery shall be deposited into the Debt Service Fund.

SECTION 9.03. ESCROW FUND. The proceeds from the sale of the Bonds after making the deposit hereinbefore provided and paying or making provisions for the payment of the costs in connection with issuing the Bonds, shall be deposited into the Escrow Fund as described in the Escrow Agreement in substantially the form attached hereto as Exhibit "B" with such changes as approved by the Pricing Officer.

ARTICLE TEN

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

SECTION 10.01. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the

Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a current refunding bond, for a period of 90 days and in the case of an advance refunding bond, for a period of 30 days,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President or Treasurer of the Board of Directors to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d). Disposition of Project. The District covenants that the property constituting the projects financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Designation as Qualified Tax-Exempt Bonds. The District hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011) of "qualified tax-exempt bonds" being issued; (b) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the

Bonds are issued, by the District (or any subordinate entities) will not exceed \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011); and (c) that the District will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

ARTICLE ELEVEN

ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 11.01. ADDITIONAL BONDS. The District expressly reserves the right to issue, in one or more installments, for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving, or extending the System, or for any other lawful purpose:

- (a) the unissued unlimited tax bonds which remain authorized but unissued; and
- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

SECTION 11.02. OTHER BONDS. The District further reserves the right to issue combination unlimited tax and revenue bonds, if authorized by election, and such other bonds or other obligations as may be lawfully issued by the District including any obligations issued for special projects.

SECTION 11.03. REFUNDING BONDS. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund the Bonds, the Outstanding Bonds, any Additional Bonds, or any other bonds issued by the District, at or prior to their respective dates of maturity or redemption.

ARTICLE TWELVE

DEFAULT PROVISIONS

SECTION 12.01. REMEDIES IN EVENT OF DEFAULT. In addition to any other rights and remedies provided by the laws of the State of Texas, the District covenants and agrees that in the event of default in payment of principal of or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Debt Service Fund, or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Bond Order, the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations, or conditions prescribed in this Bond Order. Any delay or omission to exercise any right or power or be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 12.02. BOND ORDER IS CONTRACT. In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Registered Owners, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the District and the Registered Owners; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Registered Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

ARTICLE THIRTEEN

DISCHARGE BY DEPOSIT

SECTION 13.01. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section which is not required for the payment of such Bond and Premium Compound Interest Bond, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if

any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

ARTICLE FOURTEEN

MISCELLANEOUS PROVISIONS

SECTION 14.01. DISTRICT'S SUCCESSORS AND ASSIGNS. Whenever in this Bond Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Bond Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

SECTION 14.02. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Bond Order against any officer or director of the District or any person executing the Bonds.

SECTION 14.03. REGISTRAR. The Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Bond Order. If the Registrar or its successor becomes unable for any reason to act as Registrar hereunder, or if the Board of Directors of the District determines that a successor Registrar should be appointed, a successor Registrar shall be selected by the District. Any successor

Registrar shall be either a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

SECTION 14.04. REGISTRAR MAY OWN BONDS. The Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

SECTION 14.05. BENEFITS OF ORDER PROVISIONS. Nothing in this Bond Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm, or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect of this Bond Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Bond Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

SECTION 14.06. UNAVAILABILITY OF AUTHORIZED PUBLICATION. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Bond Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Bond Order be deemed to be in compliance with the requirements for publication thereof.

SECTION 14.07. SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Bond Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order to any other persons or circumstances shall not be affected thereby.

SECTION 14.08. ACCOUNTING. The District will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Registered Owner on reasonable request. Each year while any of the Bonds are outstanding, the District shall have an audit of its books and accounts by a certified public accountant or firm of certified public accountants, based on its Fiscal year, and copies of such audits will be made available to any Registered Owner upon request.

SECTION 14.09. FURTHER PROCEEDINGS. The President and Secretary of the Board of Directors and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Bond Order.

ARTICLE FIFTEEN

SALE AND DELIVERY OF BONDS AND APPROVAL OF DOCUMENTS

SECTION 15.01. SALE OF BONDS. The Bonds shall be sold and delivered, pursuant to a bond purchase agreement by and between the District and Underwriter at a price and under the terms set forth in the Pricing Certificate.

SECTION 15.02. APPROVAL, REGISTRATION, AND DELIVERY. The President of the Board of Directors of the District and representatives of McCall, Parkhurst & Horton L.L.P. are hereby authorized and directed to submit the Initial Bond and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bond to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the Initial Bond, and the seal of the Comptroller shall be impressed or placed in facsimile on the Initial Bond. After the Initial Bond has been registered, signed, and sealed by the Comptroller, it shall be delivered to the Initial Purchaser, but only upon receipt of the full purchase price.

SECTION 15.03 APPROVAL OF OFFERING DOCUMENTS, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT The Pricing Officer is hereby authorized to approve the Preliminary Official Statement and the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and to deem such document final in accordance with Rule 15c2-12, the Board further approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

The Paying Agent/Registrar Agreement by and between the District and Wells Fargo Bank, N.A. ("Paying Agent Agreement") in substantially the form and substance attached hereto as Exhibit "A" is hereby approved, and the Pricing Officer is hereby authorized to complete, amend, modify and execute the Paying Agent Agreement as necessary.

The Escrow Agreement by and between the District and Wells Fargo Bank, N.A. as Escrow Agent ("Escrow Agreement") in substantially the form and substance attached hereto as Exhibit "B" is hereby approved, and the Pricing Officer is hereby authorized to complete, amend, modify and execute the Escrow Agreement, as necessary.

The President, Vice President, Treasurer, the Secretary or Assistant Secretary are each hereby authorized to take such action as may be necessary to cause the purchase and delivery of the federal securities to be acquired and deposited to the credit of the escrow fund created by the Escrow Agreement.

SECTION 15.04. REFUNDING OF REFUNDED BONDS. That concurrently with the delivery of the Bonds, the Pricing Officer shall cause to be deposited an amount from the proceeds of the sale of the Bonds with the Escrow Agent sufficient, together with other legally available funds of the District, to provide for the refunding and defeasance of the Refunded Bonds. The Pricing Officer is hereby authorized and directed to issue to the Escrow Agent Notice of Redemption with respect to the Refunded Bonds in substantially the form that are set forth in Exhibit "C" hereto with such changes as necessary in accordance with the Pricing Certificate.

ARTICLE SIXTEEN

OPEN MEETING AND EFFECTIVE DATE

SECTION 16.01. OPEN MEETING. The Board of Directors officially finds, determines, and declares that this Bond Order was reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted at a place readily accessible and convenient to the public within the District and on a bulletin board located at a place convenient to the public in the Travis County Courthouse for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Bond Order and the subject matter hereof has been discussed, considered, and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 16.02. EFFECTIVE DATE OF BOND ORDER. This Bond Order shall take effect and be in full force and effect upon and after its passage.

ARTICLE SEVENTEEN

AMENDMENTS

SECTION 17.01. AMENDMENTS. (a) Amendment with Consent of Owners of 51% of Bonds. The owners of 51% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Bond Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section 17.01, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Bond Order or the Bonds so as to:

- (1) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (2) reduce the rate of interest borne by any of the outstanding Bonds;

- (3) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the right of the Registered Owners of less than all of the Bonds then outstanding;
or
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

(b) Notice of Amendment. If at any time the District shall desire to amend this Bond Order it may cause a written notice of the proposed amendment to be published at least once on a business day in a financial newspaper, journal, or publication of general circulation in the City of New York, New York, or in the State of Texas. If, because of temporary or permanent suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Registrar shall constitute a sufficient publication of notice. In addition to such publication, the Registrar shall cause a written notice of the proposed amendment to be given by registered or certified mail to Registered Owners of the Bonds as shown on the Registration Books maintained by the Registrar; provided, however, that failure to receive such written notice of the proposed amendment, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding in connection with, or the adoption of, such amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all Registered Owners of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendatory resolution or order in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution or order pursuant to the provisions of this Section, this Bond Order shall be deemed to be amended in accordance with such amendatory resolution or order, and the respective rights, duties, and obligations under such amendatory resolution or order of all the Registered Owners shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Registered Owners. Any consent given by a Registered Owners pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered

Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (f) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners. The District may, at any time, amend this Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provision to Section 17.01 (a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

ARTICLE EIGHTEEN

OTHER ACTIONS AND MATTERS

SECTION 18.01. OTHER ACTIONS. The President, Vice President or Treasurer and Secretary of the Board of Directors of the District, and all other officers, employees and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Bond Order, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and Secretary of the Board of Directors of the District, the District's Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the Bond Insurer, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

SECTION 18.02. ADDITIONAL BOND INSURANCE PROVISIONS. The Pricing Officer is authorized to determine whether the Bonds sell with bond insurance and any provisions related to such insurance as evidenced in the Pricing Certificate in accordance with Section 1207.007(b)(5) of the Texas Government Code, as amended.

SECTION 18.03. PAYMENT OF ATTORNEY GENERAL FEE. The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by

the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.

ARTICLE NINETEEN

CONTINUING DISCLOSURE

Section 19.01. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The District shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of any fiscal year, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by Section 15.03 of this Order, being the information described in Exhibit "D" hereto. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "D" hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) Material Event Notices. The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;

- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- G. Modifications to rights of holders of the Bonds;
- H. Certificate calls;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds; and
- K. Rating changes.

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Section 13.01 of this Order that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND

REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Should the Rule be amended to obligate the District to make filings with or provide notices to entities other than the MSRB, the District hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

EXHIBIT "A"

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT "B"

ESCROW AGREEMENT

EXHIBIT "C"

FORM OF NOTICES OF REDEMPTION/DEFEASANCE*

RIVER PLACE MUNICIPAL UTILITY DISTRICT

Notice is hereby given that the following obligations issued by River Place Municipal Utility District (the "District") have been defeased and called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

River Place Municipal Utility District _____ BONDS, SERIES _____, all outstanding obligations maturing on _____ in each of the years _____ through _____, aggregating \$ _____ in principal amount.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>CUSIP**</u>
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Due provision for the payment of the above-described obligations has been made with _____ (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

By Overnight or Courier:

Corporate Trust Operations
N9303-121
6th & Marquette Avenue
Minneapolis, MN 55479

In person:

Northstar East Building
608 2nd Ave. So., 12th Fl.
Minneapolis, MN

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

* _____ To be revised to conform with pricing.

** The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District and Paying Agent shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

RIVER PLACE MUNICIPAL UTILITY DISTRICT

EXHIBIT "D"

CONTINUING DISCLOSURE UNDERTAKING

1. See Tables 1 through 12 in the Official Statement.
2. See Appendix A in the Official Statement.

Accounting Principles

The accounting and reporting policies of the District relating to the funds and account groups will conform to generally accepted accounting principles (GAAP) as applied to governmental entities.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1, 2009

2nd Draft
09.18.09

NEW ISSUE – BOOK-ENTRY-ONLY

Ratings: Moody's " ", S&P " "
See "MUNICIPAL BOND RATINGS AND INSURANCE" herein.

Delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein including the alternative minimum tax on corporations.

\$7,025,000*

RIVER PLACE MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Travis County, Texas)

Unlimited Tax Refunding Bonds, Series 2009

Interest accrues from:

Due: September 1, as shown below

October 1, 2009 for the Current Interest Bonds

Date of Delivery for the Capital Appreciation Bonds

Interest on the Bonds maturing on September 1, 2011, (the "Capital Appreciation Bonds"), will accrete from the date of delivery, will be compounded each March 1 and September 1 of each year, commencing March 1, 2010, and will be payable only upon maturity. See "APPENDIX B – Schedule of Accreted Values." Interest on the Bonds maturing on September 1 in each of the years 2011 through 2019, (the "Current Interest Bonds"), will accrue from October 1, 2009, and will be payable September 1 and March 1 of each year, commencing March 1, 2010. The Current Interest Bonds and the Capital Appreciation Bonds are sometimes collectively referred to herein as the "Bonds." The definitive Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry-only form. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Current Interest Bonds and maturity value of the Capital Appreciation Bonds will be payable by the paying agent/registrars to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrars for the Bonds is Wells Fargo Bank, N.A., Austin, Texas (the "Paying Agent/Registrar"). The Bonds will be issued only in fully registered form. The Current Interest Bonds will be issued in the denomination of \$5,000 of principal amount or integral multiples thereof, and the Capital Appreciation Bonds will be issued in amounts which mature in \$5,000 denominations, or integral multiples thereof, including both principal and interest. See "APPENDIX B - Schedule of Accreted Values."

The Bonds are being issued to refund a portion of the District's outstanding Unlimited Tax and Revenue Bonds, Series 1995 and Series 2000 and pay the costs of issuing the Bonds. See "PLAN OF FINANCING." The Current Interest Bonds maturing September 1 of each of the years 2017 through 2019, inclusive, are subject to redemption prior to maturity in whole or from time to time in part on September 1, 2016 on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity.

MATURITIES

\$6,605,000*

Current Interest Bonds

Principal Amount	Interest Rate	Maturity September 1	Initial Reoffering Yield (a)	CUSIP No.
\$ 730,000	____%	2011	____%	
1,075,000	____%	2012	____%	
1,135,000	____%	2013	____%	
1,145,000	____%	2014	____%	
835,000	____%	2015	____%	
510,000	____%	2016	____%	
505,000	____%	2017 ^(b)	____%	
325,000	____%	2018 ^(b)	____%	
345,000	____%	2019 ^(b)	____%	

(Accrued Interest from October 1, 2009 to be added)

\$420,000*
Capital Appreciation Bonds

Initial Offering Price	Original Principal Amount	Maturity (September 1)	Purchase Price per \$5,000 at Maturity	Initial Reoffering Yield ^(a)	Total Payment at Maturity ^(c)	CUSIP <u>No.</u>
\$ _____	\$420,000	2010	\$ _____	_____ %	\$ _____	

(No Accrued Interest)

- (a) _____
The initial reoffering yields on the Bonds are established by, and are the sole responsibility of, the Underwriter, and may subsequently be changed. Accrued interest from October 1, 2008 is to be added to the price of the Current Interest Bonds. Initial reoffering yields represent the initial offering price to the public of a substantial amount of the Bonds of each maturity which may be changed for subsequent purchasers.
- (b) Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Current Interest Bonds maturing September 1, 2017 through 2019, inclusive, in whole or from time to time in part, on September 1, 2016, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the dated fixed for redemption. The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity. See "THE BONDS – Redemption Provisions".
- (c) Interest is compounded semiannually on each March 1 and September 1, commencing March 1, 2010 and payable only at stated maturity.

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered when, as and if issued by the District, subject to the approval of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by their legal counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas. The Bonds in definitive form are expected to be available for delivery through DTC, on October 22, 2009.

[UNDERWRITER]

* Preliminary; subject to change.

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SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of the information permitted by the Rule.

This Official Statement does not alone 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, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor, for further information.

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE DISTRICT MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING [INSURANCE COMPANY] OR THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

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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. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT

- The Issuer..... River Place Municipal Utility District (the "District"), of Travis County, Texas, a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 of the Texas Constitution, was created in 1985 by the Texas Natural Resources Conservation Commission, now known as the Texas Commission on Environmental Quality ("TCEQ"), and operates pursuant to Chapters 49 and 54 of the Texas Water Code as amended. See "THE DISTRICT".
- Location The District currently contains approximately 970.40 acres of land and is located in northwestern Travis County approximately one mile south of the intersection of Ranch Road 620 and Ranch-to-Market Road 2222 and lies approximately ten miles north of the City of Austin's Central Business District (the "City" or "Austin"). Approximately 20.93 acres of land within the District lies wholly within the city limits of Austin, and the District's remaining 927.94 acres lie wholly within the extraterritorial jurisdiction of Austin. The District and the City have entered into a Strategic Partnership Agreement effective [REDACTED], 2009 pursuant to the authority of Section 43.0751 of the Texas Local Government Code. Pursuant to the Strategic Partnership Agreement, the City has limited purpose annexed the District and full purpose annexation is scheduled to occur on December 31, 2017. See "THE DISTRICT" and "STRATEGIC PARTNERSHIP AGREEMENT"
- Status of Development Of the total 970.40 acres within the District, approximately 654 acres are developable, of which approximately 632 have been developed with utility facilities. As of September 1, 2009 approximately [REDACTED] acres have been developed as various residential subdivisions and [REDACTED] acres have been developed as various amenities. Residential improvements within such subdivisions include 986 completed homes, 8 homes under construction, and 37 vacant single family lots. In addition, the District contains the River Place Golf Course and Country Club which is an 18-hole golf course, a 40,000 square foot clubhouse (which includes a restaurant, conference and banquet facilities, administrative offices, a fitness center, men's and women's locker rooms and a pro shop), five lighted tennis courts and a junior Olympic swimming pool. The District has completed a 5.32 acre park and is currently constructing an additional 7.23 acre park with nature trail. The parks include or will include pavilions, multipurpose fields, basketball courts, lighted tennis courts, and picnic areas. See "THE DISTRICT - Historical and Current Status of Development."

THE BONDS

- Description..... The Current Interest Bonds are serial bonds in the aggregate principal amount of \$6,605,000* maturing annually in varying amounts on September 1 of each of the years 2011 through 2019, inclusive. Interest accrues on the Current Issue Bonds from October 1, 2009 at the rates per annum set forth on the cover page hereof and is payable March 1, 2010 and each March 1 and September 1 thereafter until maturity. The Capital Appreciation Bonds will be issued in the original principal amount of \$420,000* and will mature together with interest accreted from initial delivery, on September 1, 2010. Interest on the Capital Appreciation Bonds accretes from the date of delivery at the rate per annum set forth on the cover page hereof and compounds each March 1 and September 1 commencing March 1, 2010 until maturity. The Current Interest Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity, and the Capital Appreciation Bonds are offered in fully registered form in denominations which result in total amounts due at maturity in integral

multiples of \$5,000. See "THE BONDS - General Description."

Redemption..... The Current Interest Bonds maturing on September 1 of each of the years 2017 through 2019, inclusive, are subject to redemption prior to maturity in whole or from time to time in part at the option of the District on September 1, 2016 or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity. See "THE BONDS - Redemption."

Source of Payment..... The Bonds are payable from an ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District. See "TAXING PROCEDURES." **The Bonds are obligations solely of the River Place Municipal Utility District and are not obligations of the State of Texas; Travis County, Texas; the City of Austin, Texas; or any other political subdivision or entity other than the District.** See "THE BONDS - Source of Payment."

Payment Record..... The District has never defaulted in the timely payment of principal of or interest on its outstanding obligations. See "FINANCIAL STATEMENT - Outstanding Bonds."

Authority for
Issuance..... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, and pursuant to an Order (the "Bond Order") adopted by the Board of Directors of the District. See "THE BONDS - Authority for Issuance."

Use of Proceeds..... Proceeds from the sale of the Bonds will be used to refund an aggregate principal amount of \$1,805,000* of the District's Series 1995, Unlimited Tax and Revenue Bonds; an aggregate principal amount of \$1,220,000* of the District's Series 1998, Unlimited Tax and Revenue Bonds; an aggregate principal amount of \$2,950,000* of the District's Series 2000 Unlimited Tax and Revenue Bonds; and an aggregate principal amount of \$1,050,000* of the District's Series 2002, Unlimited Tax and Revenue Bonds (the "Refunded Bonds"), for a total of \$7,025,000* aggregate principal amount, and to pay costs of issuance of the Bonds. SEE "PLAN OF FINANCING – The Refunded Bonds," and "Estimated Sources and Uses Of Funds."

Bonds Authorized But
Unissued..... The District has previously issued four installments of the \$27,000,000 in bonds authorized at an election held within the District on August 10, 1985, for the purpose of purchasing and constructing a water, wastewater and/or storm drainage system. Pursuant to the Strategic Partnership Agreement and an agreement (the "Consent Agreement") between the City of Austin and the District allowing for the creation of the District and issuance of bonds by the District, the District cannot issue bonds in excess of \$15,250,000 for capital improvements and any such bonds must receive the prior written consent of the City prior to issuance. See "CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF AUSTIN" and "STRATEGIC PARTNERSHIP AGREEMENT". The Bonds are issued pursuant to Chapter 1207 Texas Government Code, the Bond Order and an approved ordinance of the City of Austin. See "THE BONDS - Authority for Issuance," and "Issuance of Additional Debt."

Municipal Bond Rating
and Insurance..... In connection with the sale of the Bonds, the District has made application to Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation, a division of the McGraw-Hill Companies ("S&P") for a municipal bond rating and has received ratings of "[REDACTED]" and

“[REDACTED],” respectively, as a result of an insurance policy issued by [REDACTED]. Additionally, the Bonds and the District’s outstanding bonds have received underlying ratings of “[REDACTED]” and “[REDACTED]” from Moody’s and S&P, respectively. The District’s Series 1995 and Series 2002 bonds were also rated “Caa2” by Moody’s and “CC” by S&P, based upon the issuances of insurance policies by Ambac Assurance Company (Ambac). The District’s Series 1998 bonds were rated “Caa3” by Moody’s, based upon the issuance of an insurance policy by Financial Guaranty Insurance Corporation (FGIC). The District’s Series 2000 bonds were rated “Aa3” by Moody’s and “AAA” by S&P, based upon the issuance of an insurance policy by Financial Security Assurance Inc. (FSA). An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgment of such company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Qualified Tax-Exempt

Obligations..... The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2009 is not reasonably expected to exceed \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011). See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel McCall, Parkhurst & Horton L.L.P., Austin, Texas

Underwriters’ Counsel [REDACTED]

Financial Advisor Southwest Securities, Inc., Austin, Texas

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS," with respect to the investment security of the Bonds.

SELECTED FINANCIAL INFORMATION
(Unaudited as of October 1, 2009)

2009 Assessed Valuation (100% of estimated market value)	\$481,048,077	(a)
Gross Debt Outstanding (after issuance of the Bonds and exclusion of the Refunded Bonds) ...	\$7,995,000*	
Ratio of Gross Debt to 2009 Assessed Valuation.....	1.66%	
2009 Tax Rate (b)		
Debt Service.....	\$0.2622	
Maintenance & Operation	\$0.0874	
Total	<u>\$0.3496</u>	
Debt Service Fund Balance	\$379,020	(c)
Average percentage of current tax collections - Tax Year 1997-2008	99.61%	
Average percentage of total tax collections - Tax Year 1997-2008.....	100.15%	
Projected Average Annual Debt Service Requirement (2010-2019) of the Bonds and the Remaining Outstanding Bonds ("Projected Average Requirement")	\$936,457*	
Tax rate required to pay Projected Average Requirement based upon 2009 Assessed Valuation at 95% collections.....	\$0.21/\$100 A.V.	
Projected Maximum Annual Debt Service Requirement (2013) of the Bonds and the Remaining Outstanding Bonds ("Projected Maximum Requirement")	\$1,299,150*	
Tax rate required to pay Projected Average Requirement based upon 2009 Assessed Valuation at 95% collections.....	\$0.29/\$100 A.V.	
Number of active single family connections as of September 1, 2009	 	
Estimated population as of September 1, 2009	 	(d)

(a) As certified by the Travis County Appraisal District ("TCAD").

(b) The District levied its 2009 tax rate at its regular Board of Directors' meeting on September 9, 2009.

(c) Unaudited as of August 20, 2009. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the District's debt service funds.

(d) Based on 3.5 residents per active single family connection.

*Preliminary; subject to change.

OFFICIAL STATEMENT

relating to

\$7,025,000*

RIVER PLACE MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas Located in Travis County, Texas)

Unlimited Tax and Revenue Refunding Bonds, Series 2009

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the River Place Municipal Utility District (the “District”) of its \$7,025,000* **Unlimited Tax and Revenue Refunding Bonds, Series 2009** (the “Bonds”).

The Bonds are issued pursuant to an order (the “Bond Order”) adopted by the Board of Directors of the District, and pursuant to the Constitution and general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended and Chapter 1207, Texas Government Code, as amended.

Included in this Official Statement are descriptions of the Bonds, the Bond Order, the Plan of Financing and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District upon payment of duplication costs.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See ‘CONTINUING DISCLOSURE OF INFORMATION’ for a description of the District’s undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

Purpose

At an election held within the District on August 10, 1985, the District’s voters authorized the issuance of an aggregate principal amount of \$27,000,000 of unlimited tax and revenue bonds for the construction of the District’s water, sanitary sewer and drainage system. In accordance with said authorization, the District has heretofore issued \$3,900,000 Unlimited Tax and Revenue Bonds, Series 1994 (the “Series 1994 Bonds”); \$4,000,000 Unlimited Tax and Revenue Bonds, Series 1995 (the “Series 1995 Bonds”); \$2,700,000 Unlimited Tax and Revenue Bonds, Series 1998 (the “Series 1998 Bonds”); \$4,650,000 Unlimited Tax and Revenue Bonds, Series 2000 (the “Series 2000 Bonds”); and \$2,724,800.80 Unlimited Tax and Revenue Refunding Bonds, Series 2002 (“Series 2002 Bonds”). Pursuant to The Strategic Partnership Agreement and an agreement (the “Consent Agreement”) between the City of Austin and the District allowing for the creation of the District and issuance of bonds by the District, the District cannot issue bonds in excess of \$15,250,000 for capital improvements. The Consent Agreement can be amended with the consent or without the consent of the city of all parties thereto. See “CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF AUSTIN.” All of the previously issued series of bonds are collectively referred to as the “Outstanding Bonds.” The District reserves the right to issue the remaining \$11,750,000 authorized but unissued bonds; however, the issuance of any such bonds is subject to certain limitations as provided in the Consent Agreement and The Strategic Partnership Agreement.

The Bonds are being issued to achieve a debt service savings in the years 2010 through 2019, inclusive, by refunding \$7,025,000* of the District’s Series 1995 Unlimited Tax and Revenue Bonds; Series 1998 Unlimited Tax and Revenue Bonds; Series 2000 Unlimited Tax and Revenue Bonds and Series 2002 Unlimited Tax and Revenue Refunding Bonds (the “Refunded Bonds”). See “PROJECTED DEBT SERVICE REQUIREMENTS.”

The Refunded Bonds*

The principal amounts and maturity dates of the Refunded Bonds are set forth below.

Year	<u>Series 1995*</u> Callable September 1, 2005	<u>Series 1998*</u> Callable September 1, 2004	<u>Series 2000*</u> Callable September 1, 2007	<u>Series 2002*</u> Callable March 1, 2008	Total
2010	\$250,000	-	\$ 225,000	-	\$475,000
2011	270,000	150,000	250,000	-	670,000
2012	290,000	150,000	250,000	340,000	1,030,000
2013	310,000	160,000	275,000	360,000	1,105,000
2014	330,000	180,000	575,000	350,000	1,435,000
2015	355,000	180,000	650,000	-	1,185,000
2016	-	200,000	725,000	-	925,000
2017	-	200,000	-	-	200,000
2018	-	-	-	-	-
2019	-	-	-	-	-
	\$1,805,000*	\$1,220,000*	\$2,950,000*	\$1,050,000*	\$7,025,000*

Remaining Outstanding Bonds*

The following bonds will remain outstanding after issuance of the Bonds (collectively, the “Remaining Outstanding Bonds”):

	<u>Series 1998*</u>	<u>Series 2002*</u>	<u>Series 2009*</u>	<u>Total*</u>
2010	\$ 140,000	\$ 300,000	\$ 420,000	\$ 860,000
2011	-	320,000	730,000	1,050,000
2012	-	-	1,075,000	1,075,000
2013	-	-	1,135,000	1,135,000
2014	-	-	1,145,000	1,145,000
2015	-	-	835,000	835,000
2016	-	-	510,000	510,000
2017	-	-	505,000	505,000
2018	210,000	-	325,000	535,000
2019	-	-	345,000	345,000
	\$ 350,000*	\$ 620,000*	\$ 7,025,000*	\$ 7,995,000*

*Preliminary; subject to change.

Refunded Bonds

The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates, maturity dates and the respective redemption dates of such Refunded Bonds, as applicable, from funds and direct obligations of the United States of America to be deposited pursuant to a certain Escrow Agreement (the “Escrow Agreement”) between the City and Wells Fargo (the “Escrow Agent”). The Bond Order provides that from the proceeds of the sale of the Bonds received from the Underwriter the District will deposit with the Escrow Agent cash and direct obligations of the United States in amounts sufficient to accomplish the discharge and final payment of the Refunded Bonds on their respective maturity dates and redemption dates, as applicable.

Simultaneously with the issuance of the Bonds, the District will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to their stated maturity on the first optional redemption date, on which date money will be made available to redeem the Refunded Bonds from money held under the Escrow Agreement.

By the deposit of the Federal Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the Bond Order authorizing the issuance of such Refunded Bonds and in accordance with State law, including Chapter 1207, Texas Government Code, as amended. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Bonds are deemed to have been fully paid and no longer outstanding, except for the purpose of being paid from funds provided therefore in the Escrow Agreement.

The District has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

Estimated Sources and Uses of Funds ^(a)

The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds:

Par Amount of Bonds	\$ _____
Original Issue Premium/Discount	_____
Accrued Interest on the Bonds	_____
Total Sources of Funds	\$ _____

Uses of Funds:

Escrow Deposit	\$ _____
Costs of Issuance ^(b)	_____
Underwriter's Discount	_____
Deposit to Debt Service Fund (Accrued Interest)	_____
Other Uses / Additional Proceeds	_____
Total Uses of Funds	\$ _____

(a) Preliminary; subject to change.

(b) Includes insurance premium

THE BONDS

General Description

The Current Interest Bonds will bear interest from October 1, 2009 and will mature on September 1 in the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the cover page hereof. Interest on the Current Bonds will be paid on March 1, 2010 and each September 1 and March 1 (each, an "Interest Payment Date") thereafter until maturity or prior redemption. Interest on the Capital Appreciation Bonds will accrete from the date of delivery, will be compounded back March 1 and September 1 of each year, commencing March 1, 2010 and will be payable only upon maturity. See "Appendix B – Schedule of Accreted Values." The Capital Appreciation Bonds will be issued in the original principal amount of \$420,000* and will mature together with interest accreting from initial delivery on September 1, 2010.

The Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry-only form. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrar for the Bonds is Wells Fargo Bank, N.A. (the "Paying Agent/Registrar").

Redemption

Optional Redemption... The Bonds maturing on and after September 1, 2017, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2016, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Mandatory Sinking Fund Redemption . . . In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1, 20__, September 1, 20__, September 1, 20__, September 1, 20__ and September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity by lot in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

<u>Bonds Maturing</u> <u>September 1, 20</u> *		<u>Bonds Maturing</u> <u>September 1, 20</u> *	
<u>Mandatory</u> <u>Redemption</u>	<u>Principal</u> <u>Amount</u>	<u>Mandatory</u> <u>Redemption</u>	<u>Principal</u> <u>Amount</u>
20__*	\$ _____	20__*	\$ _____
20__*	_____	20__*	_____

*Stated Maturity

The principal amount of the Current Interest Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Current Interest Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any redemption of Current Interest Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by The United States mail, first-class postage prepaid, at least 30 calendar days prior to the date fixed for redemption, to the registered owner of each Current Interest Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services. The Current Interest Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Current Interest Bond to be partially redeemed must be surrendered in exchange for one or more new Current Interest Bonds of the same maturity for the unredeemed portion of the principal of the Current Interest Bonds so surrendered. In the event of redemption of less than all of the Current Interest Bonds, the particular Current Interest Bonds to be redeemed shall be selected by the District, if less than all of the Current Interest Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Current Interest Bonds of such maturity to be redeemed by lot.

DTC Redemption Provision

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC Participants. Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Termination of Book-Entry-Only System

The District is initially utilizing the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the book-entry-only system is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent/Registrar upon presentation and surrender of the Bonds to the Paying Agent/Registrar at the designated office for payment of the Paying Agent/Registrar in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent/Registrar by United States mail, first class, postage prepaid, to the registered owners at their respective addresses shown on

such records, or by such other method acceptable to the Paying Agent/Registrar requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive Resolution to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration . . . The Bonds may be transferred and re-registered on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent/Registrar. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent/Registrar to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent/Registrar or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the denominations of \$5,000 or any integral multiple thereof for the Current Interest Bonds and \$5,000 or any integral multiple thereof in maturity value.

Limitation on Transfer of Bonds . . . Neither the District nor the Paying Agent/Registrar will be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds during the period commencing on the close of business on the 15th day of the month (whether or not a business day) preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date; provided, however, such limitation will not be applicable to an exchange by a registered owner of a Bond of the uncalled principal balance of a Bond.

Replacement Bonds . . . If a Bond is mutilated, the Paying Agent/Registrar will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent/Registrar will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership; (ii) the furnishing to the Paying Agent/Registrar of security or indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless; (iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and (iv) satisfies any other reasonable requirements imposed by the District and the Paying Agent/Registrar. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Resolution relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Authority for Issuance

The Bonds are issued pursuant to the terms and provisions of the Bond Resolution; Chapter 1207, Texas Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended and Article XVI, Section 59 of the Texas Constitution.

Source of and Security for Payment

The Bonds are payable as to principal and interest from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against taxable property within the District.

The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax, against taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the paying of principal of the Bonds when due, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

The Bonds are obligations solely of the District and are not obligations of the City of Cedar Park, Texas; Travis County, Texas; the State; or any political subdivision or entity other than the District.

Payment Record

The District has previously issued four installments of Unlimited Tax and Revenue Bonds (Series 1994, Series 1995, Series 1998 and Series 2000) totaling \$15,250,000. The District has not defaulted in the payment of principal of or interest on such outstanding bonds.

Funds

The Bond Order creates, or affirms creation, establishment and maintenance by the District of a Debt Service Fund and Escrow Fund for the Bonds.

The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Underwriter, the amount received from proceeds of the Bonds representing accrued interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent/Registrar with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent/Registrar when due.

The Refunded Bonds and the interest due thereon will be paid on the respective redemption dates from funds deposited with the Escrow Agent and held in a separate Escrow Fund. See "PLAN OF FINANCING - Escrow Agreement."

Defeasance of Outstanding Bonds

The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Order, except to the extent provided below for the Paying Agent/Registrar or an eligible trust company or commercial bank to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Bond Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Order, and all income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Bond Resolution for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar or an eligible trust company or commercial bank shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Resolution.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Bond Order shall be made without the consent of the registered owner of each Bond affected thereby.

Retention of Rights ... To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Bond Order, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provision set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments ... Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the Board of Directors.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) 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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by Wells Fargo Bank, N.A., having an office for payment in Austin, Texas, the initial Paying Agent/Registrar. The Paying Agent/Registrar must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as Paying Agent/Registrar and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent/Registrar by an order or resolution of the District giving notice to the Paying Agent/Registrar of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent/Registrar. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

Record Date

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

Issuance of Additional Debt

The District's voters have authorized the issuance of \$27,000,000 of unlimited tax and revenue bonds. The District currently has \$11,750,000 of unlimited tax and revenue bonds authorized but unissued. Pursuant to a Consent Agreement between the District and the City of Austin, the District cannot issue bonds in excess of \$15,250,000 for the purpose of capital improvements; however, the issuance of such additional debt is limited by The Strategic Partnership Agreement and the Consent Agreement. Any additional bonds issued by the District would also require approval of the TCEQ. See "CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF AUSTIN" and "Strategic Partnership Agreement."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District is also authorized by statute to engage in fire fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendment to the existing City of Austin ordinance specifying the purposes for which the District may issue bonds; (b) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of such bonds by the Attorney General of Texas. The Board has not considered calling an election for purposes of authorization of a detailed master plan and bonds for fire fighting activities at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Water Code, bonds, notes or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "MUNICIPAL BOND RATINGS" and "BOND INSURANCE."

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply or to otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Specific Tax Covenants

In the Bond Resolution, the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner financed therewith by persons other than state or local governmental units, and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or compliance with such covenant adversely affects the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District has additionally covenanted in the Bond Resolution that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to

be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Remedies in Event of Default

The Bond Resolution provides that, in addition to all other rights and remedies of any owner of Bonds provided by the laws of the State, in the event the District defaults in the observance or performance of any covenant in the Bond Resolution including payment when due of the principal of and interest on the Bonds, registered owners may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board of Directors or other officers of the District to observe or perform such covenants.

The Bond Resolution provides no additional remedies to a registered owner. Specifically, the Bond Resolution does not provide for an appointment of a trustee to protect and enforce the interests of the registered owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus is a remedy which may have to be enforced from year to year by the registered owners.

Under State law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. The registered owners themselves cannot foreclose on property within the District or sell property within the District in Resolution to pay principal of or interest on the Bonds. In addition, the enforceability of the rights and remedies of the registered owners may be limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions. See "INVESTMENT CONSIDERATIONS - Bankruptcy Limitation to Registered Owners' Rights."

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water and wastewater system with any other district.

Annexation

The District lies within the extraterritorial jurisdiction of the City of Austin, except for approximately 20.93 acres which is located within the city limits of the City of Austin. Under Texas law, a city may annex a special district, such as the District, located within its extraterritorial jurisdiction without its consent. When such special district is annexed, the City, except under certain circumstances, must dissolve the special district and assume the assets, functions and liabilities of the special district. Pursuant to the Consent Agreement, the City may annex and dissolve the District at anytime after August 10, 1995 which was ten years from the date of the confirmation of the creation of the District. The City may under other circumstances annex the District but not dissolve the District, including circumstances in which the City is presented with a valid petition for annexation in support of incorporation and circumstances in which the City determines that annexation is feasible. In the event the District is annexed but not dissolved pursuant to the Consent Agreement, the District shall continue to provide retail water and wastewater service and the maintenance of parks and recreation areas.

Alteration of Boundaries

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

Amendments to the Bond Resolution

The District may without the consent of or notice to any registered owners amend the Bond Resolution in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Resolution, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, (2) reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of and interest on the Bonds, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

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 DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act initially as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 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 of line dealers, banks, trust companies, and clearing corporation that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase.

Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, interest and principal payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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, interest and principal payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, 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, Bonds will be printed and delivered in accordance with the Bond Order.

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, 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, notices that are to be given to registered owners under the Bond Order will be

given only to DTC.

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

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the State; Travis County, Texas; the City of Austin, Texas; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Source of and Security for Payment." The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Registered Owners' Remedies" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Interest Rates ... A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Lenders have been selective in recent years in making real estate loans in the Austin area because of the negative impact to their real estate portfolios. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, although located approximately 15 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

National Economy: Nationally, there has been a significant downturn in new housing construction due to the lack of liquidity and other factors, resulting in a decline in housing market values. The ability of individuals to qualify for a mortgage as well as the general reduction in mortgage availability has also decreased housing sales. The Austin area, including the District, has experienced reduced levels of home construction and home sales activity. The District cannot predict what impact, if any, a continued downturn in the national housing and financial markets may have on the Central Texas market and the District.

Competition ... The demand for single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of the lot owners in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a

competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the lot owners will be implemented or, if implemented, will be successful.

Impact on District Tax Rates ... Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2009 assessed valuation of the District is \$81,048,077 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$1,299,150 (2013) and the Projected Average Annual Debt Service Requirement will be \$936,457 (2010 through 2019, inclusive). Assuming (1) no increase or decrease from the 2009 assessed valuation, and (2) no use of funds on hand, a tax rate of \$0.29/\$100 assessed valuation, at a 95% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$1,299,150, and a tax rate of \$0.21/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$936,457. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Adequacy for Debt Service."

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District's tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners are entitled under State law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest 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 property within the District or sell property within the District to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by 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

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of State law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code ("Chapter 9"), 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an Resolution granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under State law a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under State

law and remains unable to meet its debts and other obligations as they mature.

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

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

Marketability

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

Continuing Compliance with Certain Covenants

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

BOND INSURANCE

The District has made application to several municipal bond insurance companies and will consider the purchase of bond insurance after an analysis of bids has been made.

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DISTRICT MAP



DISTRICT MAP
RIVER PLACE MUNICIPAL UTILITY
DISTRICT

THE DISTRICT

General

The District was created by Order of the Texas Natural Resources Conservation Commission, now known as the Texas Commission on Environmental Quality ("TCEQ"), adopted on May 22, 1985, and by a confirmation election held within the District on August 10, 1985. The District operates as a municipal utility district pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, and other general laws of the State of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or may enter into such contracts as the District Board of Directors ("Board") deems advantageous for, among other things, the purchase of water and collection, transportation, treatment and disposal of wastewater.

In order to obtain the consent for creation of the District from the City of Austin, within whose extraterritorial jurisdiction the District lies, the City requires the District to observe certain requirements which include (i) limiting the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities; (ii) requiring approval by the City of Austin of District construction plans; and (iii) permitting connections only to single-family lots and commercial or multi-family commercial platted reserves which have been approved by the Planning Commission of the City of Austin. See "CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF AUSTIN." Construction and operation of the District's retail waterworks and sewer system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM – Regulation" and "Strategic Partnership Agreement."

Management of the District

Board of Directors

The District is governed by a board of directors, which consist of five (5) directors and which has control over and management supervision of all affairs of the District. Directors are elected to staggered four year terms. Elections are held within the District on the first Saturday in May in each even numbered year. All of the directors reside or own property in the District.

<u>Name</u>	<u>Position</u>	<u>Service</u>	<u>Expires May</u>
James F. Casey	President / Chairman	11 years	2010
Kenneth Bartlett	Vice President	13 years	2012
Arthur A. Jistel	Secretary	9 years	2012
Lee Wretlind	Treasurer	10 years	2010
Claudia Tobias	Asst. Secretary / Treasurer	1 year	2010

Consultants

Tax Assessor/Collector..... Land and improvements in the District are being appraised by the Travis Central Appraisal District. The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Travis County Tax Assessor/Collector, Ms. Nelda Wells Spears, currently serves the District in this capacity under contract. The Travis County Tax Assessor serves approximately 79 other districts as Tax Assessor/Collector.

Engineer.... The District's consulting engineer is Gray-Jansing & Associates (the "Engineer"). The Engineer serves in this capacity for 25 other special districts.

Auditor..... Pena Swayze & Co., Certified Public Accountants has been retained to audit the District's financial statements for the fiscal year ended September 30, 2007. Pena & Swayze serves as the auditor for 18 other special districts.

Financial Advisor... Southwest Securities serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor has been authorized through a Resolution of the Board to submit a bid for the purchase of the Bonds.

Bond Counsel... The District has engaged McCall, Parkhurst & Horton LLP, Austin, Texas, as Bond Counsel in connection with the issuance of the Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds.

Underwriter's Counsel... [REDACTED], Austin, Texas will serve in the capacity as underwriter's counsel.

System Operator/Bookkeeper... The District contracts with Severn Trent Services ("ST") to operate and maintain the District's System as well as to maintain the District's financial records. ST serves in this capacity for approximately 10 other special districts.

Location

The District contains approximately 970.40 acres of land and is located in Northwestern Travis County approximately ten miles north of the central business district of the City of Austin. The northern boundary of the District lies adjacent to Ranch-to-Market Road 2222 ("RM 2222"), and the District is situated approximately one mile southwest of the intersection of RM 2222 and Ranch Road 620 ("RR 620"). The District lies within the extraterritorial jurisdiction of the City of Austin, Texas except for approximately 20.93 acres which is located within the City limits of the City of Austin. The District lies wholly within the Leander Independent School District.

Out-of-District Service Area

Pursuant to the terms of the Agreement Concerning Creation and Operation of River Place Municipal Utility District, as amended, between the District and the City of Austin, (the "Consent Agreement"), the District was authorized to provide water and wastewater services to an out-of-district service area which encompasses approximately 503 acres. The City, however is currently providing service to the majority of this area. Any development within the out-of-district service area will not result in an increase in the taxable assessed valuation of the property within the District. The District is prohibited from providing services to any area outside the boundaries of the District, other than the approved out-of-district service area, without the prior approval of the City of Austin.

The District, however, is providing out-of-district wholesale water service to the Lower Colorado River Authority ("LRCA") pursuant to contract dated May 1, 2001 between the District and LCRA.

Historical and Current Status of Development (TO BE UPDATED)

The District was created by the Texas Water Commission, now the Texas Commission on Environmental Quality upon petition by River Place Venture, the original developer and owner of all of the land within the District. In accordance with its original plan, River Place Venture developed River Place Sections 2, 3, 4 and 5 as 211 single family lots on approximately 92.23 acres in the District. Following the construction of 1 home within River Place, River Place Venture defaulted on its development loan and all of its remaining land in the District and its 503 acres outside the District was foreclosed upon by its lender, Lamar Savings Association. On November 8, 1990, BSL Golf Corp. entered into an Earnest Money Contract ("Contract") with the Resolution Trust Corporation as Receiver for Southwest Federal Savings Association, the successor to Lamar Savings Association, to purchase all of River Place, including the 211 vacant developed lots, undeveloped land, golf course, and clubhouse. By assignment dated February 21, 1991, the Contract was assigned to First River Place Reserve Ltd. ("First River Place"), which purchased the property on February 21, 1991. In March, 1991, First River Place began improvements and renovations to the property. In early 1992, the golf course was redeveloped. In mid-1991 homebuilding in the District began, and in November, 1992, construction of additional subdivisions began.

As created, the District contains 948.87 acres. In December, 2001, the District annexed approximately 21.53 acres bringing the total District acreage to 970.40 acres. The 21.53 acres annexed is expected to be developed as 17 single family lots. Additionally, Lake Austin River Place, Ltd. ("Lake Austin"), the owner of approximately 58 acres has petitioned the District to annex such acreage into the District's boundaries. Pursuant to the Consent Agreement, the City of Austin must approve all

annexations of property to the District, and Lake Austin has recently requested the City's approval regarding such annexation. The District cannot represent that the City will approve the annexation of the Lake Austin property or that such annexation will ultimately take place.

As of September 1, 2009 all of the developable acreage within the District with the exception of approximately 21.53 acres had been developed with water, sanitary sewer, storm drainage facilities, and street paving as River Place Subdivision, Sections 2, 2B, 2C, 3, 3A, 3B, 4, 4A, 4B, 5, 6, 7A, 7B-1, 7B-2, 7C, 8, 9, 10, 11, 13, 15, 21, 22, the Villas at River Place, the Overlook and various amenities. According to the District's General Manager, as of September 1, 2009, there were 986 completed homes, 8 homes under construction and 37 vacant developed lots within the District.

In addition to the District's existing single family development, the District contains an 18-hole golf course, a 40,000 square foot clubhouse (which includes a restaurant, conference and banquet facilities, administrative offices, a fitness center, men's and women's locker rooms and pro shop), five lighted tennis courts and a junior Olympic swimming pool. The District has completed a 5.32 acre park and a 7.23 acre park, which includes a pavilion, a multi-purpose field, a volley ball court, and picnic areas. In April, 1999, the River Place Country Club was acquired by ClubCorp of America, Inc. and will be owned and operated by Country Club at River Place, Inc, a ClubCorp affiliate.

Future Development

All of the acreage within the District with the exception of approximately 21.53 acres has been developed with utility facilities and street paving. Pursuant to the terms of the Utility Construction Agreement between the District and Southwest Savings Association, as assigned to First River Place, the District is obligated to use its best efforts to issue bonds, under certain circumstances, to reimburse First River Place for the construction of facilities until it has issued \$15,250,000 of bonds. The District has satisfied this obligation. The District has negotiated an agreement with the Developer pursuant to which the Developer has conveyed all remaining water and wastewater facilities, except for privately owned facilities within the District, to the District upon issuance of the Bonds. See "THE SYSTEM" and "CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND CITY OF AUSTIN".

CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND CITY OF AUSTIN

All of the Land within the District is located within the extraterritorial jurisdiction of the City of Austin (the "City" or "Austin"), except for 20.93 acres which is located within the city limits of the City. Prior to the creation of the District, the City and the developer's predecessor in interest, River Place Venture, entered into an Agreement Concerning Creation and Operation of River Place Municipal Utility District No. 1, (the "Consent Agreement") effective as of February 24, 1984, and approved and executed by the District's Board of Directors (the "Board") after the District's creation. Such agreement was first amended on August 22, 1984 to extend the period of time for creation of the District. The Consent Agreement was substantially amended a second time in May, 1992 as to all property within the District which had not already been sold to builders or individuals as of such date. A third and fourth amendment was approved in 1993 and 1995 respectively, to provide for an amended land plan to accommodate the Original Project. A fifth amendment relating to the land plan was approved in February, 2000. The original agreement and the amendments are collectively referred herein to as the Consent Agreement.

The Consent Agreement sets forth, among other things, plans for operation and maintenance of a water system and wastewater system to serve customers within the District and allows the District to provide water service to its approved out-of-district service area which consists of approximately 503 acres owned by First River Place as of the date of the second amendment to the Consent Agreement. Although the District may provide water service to the entire 503 acre out-of-district service area. In the amendments to the Consent Agreement, the City agreed to serve approximately 450 of such acres. The Consent Agreement provides that water service shall be provided by the withdrawal and treatment of water from Lake Austin. The District disposes of wastewater through a TCEQ waste discharge permit and through the irrigation of effluent upon the golf course located within River Place. The District is not permitted to serve property outside the District and its approved out-of-district service area without the prior consent of the City.

The Consent Agreement also contains various provisions regarding bond issuance, land development and assignment as well as provisions for annexation and dissolution of the District. See "THE BONDS - Annexation." In particular, the Consent Agreement limits to \$15,250,000 the total amount of bonds which may be issued by the District to reimburse the developer and provides for a special monthly surcharge that may be charged to individual customers by the City after annexation and dissolution of the District for the purpose of compensating the City for the assumption of the District's debt, including the Bonds. The District must receive the approval of the City and the TCEQ prior to issuing any bonds.

Strategic Partnership Agreement

On or about December 31, 2008, the City of Austin notified the public of its intent to institute proceedings for its annexation of District and surrounding areas within its extraterritorial jurisdiction under the provisions of Chapter 43 of the Texas Local Government Code. Subsequent to that announcement, the District and the City have entered into a Strategic Partnership Agreement (the "SPA") dated [REDACTED], 2009. Under the terms of the SPA, the City has agreed to defer full-purpose annexation of the District until December 31, 2017, and the District has agreed to transfer the water, sanitary sewer and drainage system (the "System") to the City for operation and maintenance on October 1, 2014.

Additionally, the SPA provides that upon full-purpose annexation in 2017, the District will convert to a limited purpose district (the "River Place Limited District") for the purpose of operation maintenance and control of additional security, residential and commercial solid waste pick-up and disposal services, and ownership, operation, maintenance and control of parkland, open space, greenspace and other areas owned by the River Place Limited District. The costs of services provided by the River Place Limited District would be paid from ad valorem taxes levied and collected by River Place Limited District. The continuation of the River Place Limited District and the levy of an ad valorem tax must be approved by the qualified voters within the limited district. Under the terms of the SPA, the District must call an election no later than the first practicable uniform election date after conversion of the District to the River Place Limited District. If the approved by the qualified voters, the initial term of the River Place Limited District will be ten years, which may be renewed successively by mutual agreement of the governing bodies of the City and the River Place Limited District.

THE SYSTEM

Regulation

Operation of the System is subject to regulation by, among others, the Environmental Protection Agency, Travis County, the City of Austin, and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision. New regulations or revisions to existing regulations may require improvements to the System. As a result, the District may be required to issue additional bonds to finance such improvements. According to the District's engineer, Gray-Jansing & Associates, (the "Engineer"), the water, sanitary sewer and drainage facilities constructed by the District have been designed in accordance with accepted engineering practices and the regulations of the TCEQ, Travis County, and the City of Austin. Construction and operation of the District's facilities are subject to the inspection of the TCEQ and the City, for determining compliance with approved construction plans, and by the TCEQ, the United States Environmental Protection Agency and various other agencies for compliance with environmental requirements.

Water Supply

The District has entered into a raw water diversion contract with the Lower Colorado River Authority ("LCRA") to withdraw surface water from Lake Austin. The 1.8 million gallon per day ("mgd") water treatment plant constructed by the previous developer has been expanded to 3.6 mgd by funds received from the LCRA for the purpose of serving the Glenlake Water Supply Corporation ("GLWSC"). The surface water is treated, stored and delivered with a 3.6 mgd water treatment plant, including raw water intake facilities, 750,000 gallons of ground storage capacity, 500,000 gallons of elevated storage capacity, 3,000 gallons per minute booster pumps and certain water transmission mains (collectively, the "Water Treatment Plant"), which was constructed by previous developers for the purpose of serving River Place and the adjoining development, Canyon Creek. Proceeds of the sale of the Outstanding Bonds was used to complete the District's purchase of the Water Treatment Plant. The Water Treatment Plant is sufficient to serve approximately 2,083 Living Unit Equivalents ("LUES") based upon minimum criteria of 0.6 gpm per LUE. Currently the District has a contract with the LCRA which allows the District to withdraw 900 acre-feet of water per year from Lake Austin which is sufficient to serve 930 LUES based upon minimum criteria of 0.6 gpm. The District and the LCRA have amended the raw water diversion contract from time to time to increase the quantity of water that the District may withdraw from Lake Austin. The District anticipates that it would enter into a similar amendment as its water needs increase. In addition, the District has installed an emergency interconnect with the City of Austin to supply potable water directly from the City in the event of a breakdown in its Water Treatment Plant. Currently the Water Treatment Plant is serving customers located in the District and providing wholesale service to GLWSC (See "Out-of-District Service Area").

Wastewater Treatment

Wastewater is treated by a 400,000 gallons per day ("gpd") wastewater treatment plant constructed on behalf of the District by a previous developer. The plant has subsequently been modified with funds from a prior bond issue and is currently permitted for 207,000 gpd. The District pays all costs of operating the sewage treatment plant.

Effluent from the wastewater treatment plant is mixed with raw water and used to irrigate the golf course located within the District. According to the Engineer, based upon existing irrigable acreage (approximately 92 acres) the District may treat up to 207,000 gpd of wastewater at the plant, to irrigate the golf course, which based upon existing usage levels (300 gpd per LUE) is sufficient to serve 690 LUES. According to the District's Engineer, it is unlikely that the District will be able to acquire additional irrigation acreage. Current flows at the wastewater plant average approximately 141,000 gpd.

In Resolution to accommodate additional development within the District, the District has entered into a Wholesale Wastewater Agreement with the City of Austin, pursuant to which the City of Austin has agreed to provide sufficient wastewater treatment capacity to serve an additional 625 living unit equivalents. See "Wholesale Wastewater Agreement below." In Resolution to utilize such service, the Developer has constructed a force main and lift station to transport sewage to the City's facilities.

Storm Drainage and 100-year Flood Plain

Storm sewers have been constructed within the District to convey surface water from the developed portions of the District to open natural channels and then to Lake Austin via a regional wet pond.

According to the Developer's Engineer, Section 16, has 9.74 acres out of approximately 58 acres located within the 100-year flood plain of Lake Austin.

Water and Sewer System Capital Recovery Fee

The District originally was levying a \$2,000 per lot capital recovery fee for the purpose of financing a portion of the cost of acquiring the water, sewer and drainage facilities serving the District. The District collected such fee at the time a tap was made for service to a lot located in River Place, Sections 2, 2B, 2C, 3, 3A, 3B, 4, 4A, 5, and 6. Proceeds of the capital recovery fee have been used by the District to purchase the water, sewer and drainage facilities serving River Place Sections 2, 3, and 4. At such time as the District stopped levying the capital recovery fee First River Place began charging a \$2,000 per lot "capital recovery fee" on each lot it sold in the District. Therefore, periodically First River Place would transfer to the District portions of the system having a value equal to the "capital recovery fees" it had received from the sale of its lots.

Wholesale Wastewater Agreement

The District and the City of Austin have entered into an agreement whereby the City of Austin will provide 625 LUES of wholesale wastewater treatment service to a portion of the District's service area under certain terms and conditions to be satisfied in the future (the "Wholesale Wastewater Agreement"). The District has further agreed that a portion of the District's approved out-of-district water service may be served by the City at such time as the City annexes such land into the City of Austin and pursuant to the Wholesale Wastewater Agreement the District and the City have agreed to a consensual annexation by the City of such area.

The Wholesale Wastewater Agreement requires the payment of certain fees to the City (which fees First River Place has agreed to pay on behalf of the District), the securing of capacity within the City's West Bull Creek Interceptor which was constructed with funds of other landowners, and the construction of all necessary improvements to connect a portion of the District's collection system to the City's wastewater collection system. In the event all of the conditions are not satisfied, the City is not obligated to provide wholesale wastewater service to the District. The quality of the wastewater delivered by the District to the City of Austin wastewater system is required to meet standards as set forth by the City of Austin ordinances prohibiting hazardous discharges or industrial waste discharges which had not been subject to adequate pre-treatment.

As noted above, construction of an 8" force main and lift station allowing the conveyance of wastewater from the District to the City's wastewater treatment facilities has been completed by First River Place.

Wholesale Water Supply Agreement

The District currently provides wholesale water diversion, treatment and delivery services for GLWSC. Under the contract, the District agrees to provide wholesale water service to GLWSC in a quantity not to exceed .69 million gallons per day (366 LUEs) for a period of 40 years from the date of the contract. All water delivered to GLWSC is withdrawn from Lake Austin pursuant to contract entered into by GLWSC and the LCRA. The District has no obligation to deliver its water to GLWSC.

Water and Wastewater Operations

General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District, and by a pledge of the Net Revenues, if any, the District receives in connection with the water, sanitary sewer and drainage system of the District. It is not expected that the operation of the System will produce net revenues sufficient to make any substantial contribution to the District's debt service requirements.

Rate and Fee Schedule - Table 1

Water and Sewer In District (monthly billing for 5/8" to 1" meter):

Residential	\$31.00 Minimum
Senior Citizens.....	\$30.00 Minimum
Commercial	\$12.00 Minimum
Fire Hydrants	\$75.00 Minimum

Water - 2,000 gallons to 25,000 gallons (water usage)	\$2.50/1,000 gallons
- Over 25,000 gallons (water usage).....	\$3.00/1,000 gallons
Sewer - Over 2,000 gallons (water usage).....	\$3.14/1,000 gallons

Water and Sewer Out of District (monthly billing)(not applicable at this time)

Tap Fees - Water

5/8" tap	\$1,750.00
3/4" tap	2,000.00
1" tap	2,250.00
Over 1" tap	District's Cost times three

Tap Fees - Sewer

5/8" tap	\$1,750.00
3/4" tap	2,000.00
Over 3/4" tap	2,250.00

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Waterworks and Sewer System Operating Statement - Table 2

The following statement sets forth in condensed form the historical operations of the District's water and sewer system. Such summary has been prepared upon information obtained from the District's audited financial statements and records. Reference is made to such statements for further and more complete information.

FISCAL YEAR END SEPTEMBER 30					
REVENUES	<u>2009 (a)</u>	<u>2008 (b)</u>	<u>2007 (b)</u>	<u>2006 (b)</u>	<u>2005 (b)</u>
Service Revenues, including penalties	\$ 1,510,365	\$ 1,484,400	\$ 1,085,260	\$2,082,677	\$ 1,607,842
Property taxes, including penalties	339,925	394,528	459,190	523,803	404,818
Storage Revenue (c)	-	184,780	184,780	-	-
System Connection Fees	12,975	34,875	91,402	61,500	43,950
Interest	15,017	73,284	135,663	112,112	56,118
Other	<u>(570)</u>	<u>1,213</u>	<u>31,871</u>	<u>27,062</u>	<u>65,067</u>
TOTAL REVENUES	\$ 1,877,712	\$ 2,173,080	\$1,988,166	\$2,082,677	\$ 2,177,795
EXPENDITURES					
Water purchases	\$ 220,577	\$ 282,168	\$ 81,499	\$ 135,138	\$ 113,482
Operations/Management fees	308,706	204,677	202,726	196,200	196,200
Repairs and maintenance	285,177	317,621	451,490	346,959	365,991
Sludge hauling	85,384	121,983	92,419	61,793	27,317
Garbage collection	107,107	119,519	107,331	100,647	99,783
Electricity/telephone	231,965	260,045	238,858	306,056	266,211
Park expenditures	155,943	193,448	164,779	155,511	149,200
Chemicals	56,656	60,562	58,818	62,294	23,759
Director fees, including payroll taxes	34,483	25,352	23,737	31,165	31,488
Legal fees	107,076	95,012	86,674	95,882	89,615
Engineering fees	57,138	55,458	13,311	13,254	60,870
Audit fees	17,500	19,000	17,925	15,900	20,808
Security	24,716	25,064	26,774	26,723	28,416
Other consulting fees	6,316	5,252	5,144	19,929	7,662
Tax appraisal/collection	2,143	1,891	2,603	2,827	2,295
Seminar / Travel	2,098	-	1,248	2,456	3,410
Insurance	-	14,210	11,584	11,523	10,731
Annexation Costs (d)	124,882	-	-	-	-
Other	30,280	29,541	28,590	27,512	58,404
Capital Outlay	<u>1,242,677</u>	<u>516,386</u>	<u>924,750</u>	<u>342,558</u>	<u>721,086</u>
TOTAL EXPENDITURES	2,721,744	\$2,347,189	\$ 2,540,260	\$1,954,328	\$ 2,276,728
NET REVENUES (DEFICIT)	\$ (844,032)	\$ (174,109)	\$ (552,094)	\$ 852,328	\$ (98,933)
Plus: Other Financing Sources /(Uses)		-	-	-	-
FUND BALANCE (Start of Period)	<u>\$ 2,132,986</u>	<u>\$ 2,307,095</u>	<u>\$ 2,859,189</u>	<u>\$2,006,363</u>	<u>\$ 2,105,296</u>
FUND BALANCE (End of Period)	\$ 1,288,954	\$ 2,132,986	\$ 2,307,095	\$2,859,189	\$ 2,006,363

(a) Unaudited; revenues and expenses through July 31, 2009 (ten months).

(b) Audited.

(c) Revenues received from the LCRA pursuant to an agreement dated [REDACTED]. See "THE SYSTEM – Water Supply."

(d) Costs related to the annexation of the District by the City of Austin and negotiation of Strategic Partnership Agreement between the City and the District. See "CONSENT TO CREATION CREATION AGREEMENT BETWEEN THE DISTRICT AND CITY OF AUSTIN – Strategic Partnership Agreement."

PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3

**River Place Municipal Utility District
\$7,025,000*
Unlimited Tax Refunding Bonds, Series 2009**

**Issue Date: October 1, 2009
First Interest Payment: March 1, 2010**

Year Ending 12/31	Current Debt Service Requirements	Less: Refunded Debt Service*	Series 2008					Projected Total Debt Service Requirement
			Principal Due (09/01)*	(Due 03/01)*	Interest (Due 09/01)*	Total*	Principal and Interest*	
2010	1,278,940	\$ 806,710	\$ 420,000	\$ 96,787	\$ 254,950	\$ 351,737	\$ 771,737	\$1,243,967
2011	1,311,485	977,285	730,000	104,950	104,950	209,900	939,900	1,274,100
2012	1,306,185	1,297,785	1,075,000	94,000	94,000	188,000	1,263,000	1,271,400
2013	1,333,630	1,325,230	1,135,000	77,875	77,875	155,750	1,290,750	1,299,150
2014	1,312,550	1,304,150	1,145,000	60,875	60,875	121,700	1,266,700	1,275,100
2015	968,100	959,700	835,000	43,675	43,675	87,350	922,350	930,750
2016	618,150	609,750	510,000	31,150	31,150	62,300	572,300	580,700
2017	593,900	585,500	505,000	23,500	23,500	47,000	552,000	560,400
2018	604,650	386,250	325,000	13,400	13,400	26,800	351,800	570,200
2019	393,750	393,750	345,000	6,900	6,900	13,800	358,800	358,800
	\$ 9,721,340	\$8,646,110	\$7,025,000	\$ 533,087	\$ 711,250	\$ 1,264,337	\$ 8,289,337	\$9,364,567

* Preliminary; subject to change

FINANCIAL STATEMENT
(Unaudited as of October 1, 2009)

Assessed Value - Table 4

2009 Assessed Valuation (100% of estimated market value)	\$ 481,048,077 ^(a)
Gross Debt Outstanding	\$7,995,000 ^(b)
Debt Service Fund Balance (Cash and investments).....	\$ 379,020 ^(c)
Ratio of Gross Debt to 2009 Assessed Valuation.....	1.66%

Area of District: 970.40 acres
Estimated 2009 Population ^(d)
Number of active connections as of September 1, 2009:

- (a) As certified by the Travis County Appraisal District ("TCAD"). See "TAXING PROCEDURES."
(b) Excludes the Refunded Bonds and includes the Refunding Bonds. Preliminary; subject to change.
(c) Unaudited as of July 31, 2009. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the District's debt service fund.
(d) Based on 3.5 residents per active single family connection.

Unlimited Tax Bonds Authorized but Unissued - Table 5

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
08/10/85	Water, Sewer and Drainage	<u>\$27,000,000</u>	<u>\$15,250,000</u>	<u>\$11,750,000</u>
Total		<u>\$27,000,000</u>	<u>\$15,250,000</u>	<u>\$11,750,000</u>

Outstanding Bonds - Table 6

<u>Dated</u>	<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding after the issuance of the Bonds</u>	
A. New Money Issues					
05/01/94	1994	Water, Sewer & Drainage	\$ 3,900,000	\$ -	
08/01/95	1995	Water Sewer & Drainage	4,000,000	350,000	(a)
09/01/98	1998	Water Sewer & Drainage	2,700,000	-	
03/01/00	2000	Water Sewer & Drainage	<u>4,650,000</u>	-	(a)
	Subtotal		\$15,250,000	\$ 350,000	
B. Refundings					
12/01/02	2002	Refunding	\$2,724,684	620,000	
07/01/08	2008	Refunding	<u>7,025,000</u>	<u>7,025,000</u>	(b)
	Subtotal		\$9,749,684	\$7,645,000	
	Total		<u>\$24,999,684</u>	<u>\$7,995,000</u>	

- (a) Excludes the Refunded Bonds. Preliminary; subject to change.
(b) Preliminary; subject to change.

Cash and Investment Balances - Table 7 (Unaudited as of August 31, 2009)

General Fund	\$ 825,208
Debt Service Fund ^(a)	379,433
Capital Projects Fund	516,011
Parks Fund	814,315

(a) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the District's debt service fund.

Investment Authority and Investment Practices of the District

Under State law and the District's current investment policy, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) certificates of deposit meeting the requirements of the TCEQ Public Funds Interest Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (5) or in any other manner and amount provided by law for District deposits, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (10) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, and (11) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield. The District's investment policy is subject to change from time to time by the Board of Directors but any such changes must comply with Chapter 2256, Texas Government Code, The Public Funds Investment Act.

Under State law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest District funds without express written authority from the Board of Directors.

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments - Table 8

The District, at August 31, 2009 is invested in TexPool (\$2,041,571). TexPool is a public funds investment pool. This investment portfolio is generally representative of the District's investment practices. GASB Statement No.3 requires the District to assign risk categories for its investment, except those in which securities are not used as evidence of the investment. TexPool has not been assigned a risk category since the District has not issued securities, but rather it owns an undivided beneficial interest in the assets of TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

Market Value as of August 31, 2009

Texpool	<u>\$2,041,571</u>
Total Investments	<u>\$2,041,571</u>

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 from several sources, including information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amount 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 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 levied for debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Body	Net Debt		% of Overlpg. Net Debt	Amount of Overlpg. Net Debt
	Amount	As of		
Travis County	\$564,087,887	9/30/08	0.50%	\$ 2,833,845
Travis County Health Care District	(a)	9/30/08	0.50%	-
Travis County Emergency Services District No. 6	6,750,000	8/31/08	6.83%	460,879
City of Austin (b)	796,431,064	6/17/09	0.05%	398,216
Leander Independent School District	974,454,3296	3/31/09	3.95%	38,460,482
Austin Community College District	96,478,659	8/31/08	0.52%	<u>500,811</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				<u>\$ 42,654,233</u>
River Place Municipal Utility District	\$7,995,000 (b)	10/01/09	100.00%	<u>\$ 7,995,000(c)</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING NET DEBT				<u>\$50,649,233</u>
Ratio of Direct & Overlapping Net Debt to 2009 Assessed Valuation				10.53%

(a) Taxing jurisdictions without general obligation debt.

(b) Only a small portion of the District is within the City of Austin city limits.

(c) Excludes the Refunded Bonds and includes the Refunding Bonds. Preliminary; subject to change.

Overlapping Taxes for 2008 (a)

Overlapping Entity	2008 Tax Rate Per \$100 Assessed Valuation	Average Tax Bill ^(b)
Travis County	\$ 0.4122	\$ 1,891
Travis County Health Care District	0.0679	312
Travis County Emergency Services District No. 6	0.1000	459
Leander Independent School District	1.3792	6,328
Austin Community College District	0.0954	438
The District	<u>0.3496</u>	<u>1,604</u>
Total	\$ 2.4043	\$ 11,032

(a) Based upon 2008 tax rate of overlapping taxing jurisdictions; 2009 tax rates are not yet available.

(b) Based upon the 2009 average single family home value of \$458,836 as provided by Travis Central Appraisal District.

TAX DATA

Classification of Assessed Valuation (a) - Table 9

<u>Type of Property</u>	<u>2009</u>		<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Single Family	\$528,648,422	96.97%	\$476,632,547	96.64%	\$ 450,188,538	94.48%
Commercial	4,067,786	0.75%	2,457,716	0.50%	4,303,469	1.22%
Vacant Lot	7,687,090	1.41%	9,210,260	1.87%	22,441,209	1.73%
Acreage (Non-Ag)	1,517	0.00%	1,517	0.00%	77,600	0.02%
Telephone Company	280,213	0.05%	305,636	0.06%	299,594	0.07%
Commercial Personal	1,607,213	0.29%	1,710,675	0.35%	3,675,894	0.27%
Totally Exempt	1,340,982	0.25%	372,888	0.08%	562,300	0.50%
Residential Inventory	<u>1,540,461</u>	<u>0.28%</u>	<u>2,501,336</u>	<u>0.51%</u>	<u>442,409</u>	<u>1.71%</u>
Total	\$545,173,684	100.00%	\$493,192,575	100.00%	\$ 481,991,013	100.00%

(a) Reflects classification of assessed valuation as obtained from the District's 2007 audited financial statements. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by Travis Central Appraisal District.

Tax Collections - Table 10

The following statement of tax collections reflects the historical tax collection experience of the District. Such summary has been prepared for inclusion herein based upon information from District audits and records of the Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information. See "Classification of Assessed Valuation" above.

<u>Tax</u>	<u>Adjusted Assessed</u>	<u>Tax</u>	<u>Current Collections</u>		<u>Total Collections</u>		<u>Year Ending</u>
<u>Year</u>	<u>Valuation</u>	<u>Rate</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1997	\$ 128,935,427	\$ 0.6000	\$ 774,492	\$ 769,387	99.34%	\$ 782,403	101.02%
1998	155,888,969	0.6000	935,334	934,627	99.92%	956,028	102.21%
1999	198,798,204	0.6000	1,192,789	1,191,936	99.93%	1,191,936	99.93%
2000	251,287,162	0.6000	1,507,723	1,499,741	99.47%	1,500,170	99.50%
2001	324,192,842	0.5500	1,783,061	1,782,141	99.95%	1,790,407	100.41%
2002	362,577,527	0.5000	1,812,888	1,810,551	99.87%	1,812,053	99.95%
2003	341,508,658	0.5000	1,707,543	1,697,091	99.39%	1,698,568	99.47%
2004	339,739,010	0.5000	1,698,695	1,695,178	99.79%	1,705,061	100.37%
2005	364,863,446	0.4500	1,641,886	1,640,590	99.92%	1,644,432	100.16%
2006	398,209,984	0.4000	1,592,840	1,585,741	99.55%	1,586,847	99.62%
2007	433,728,483	0.3500	1,518,050	1,496,989	98.61%	1,503,243	99.02%
2008	444,103,022	0.3500	1,559,293	1,539,311	98.72%	1,541,489	98.86%
2009	469,142,975	0.3496	1,640,124	(b)	(b)	(b)	(b)

(a) Collections through August 11, 2009.

(b) The District expects to levy a 2009 tax rate of \$0.3496 at its September Board of Directors meeting.

District Tax Rates - Table 11

<u>Tax Rate per \$100 A.V.</u>	<u>Proposed 2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Service	\$0.2687	\$0.2747	\$0.0914	\$0.2820	\$0.3076	\$0.3800
Maintenance	<u>0.0809</u>	<u>0.0753</u>	<u>0.2586</u>	<u>0.1180</u>	<u>0.1424</u>	<u>0.1200</u>
Total	\$0.3496	\$0.35000	\$0.3500	\$0.4000	\$0.4500	\$0.5000

Tax Rate Limitation

The District's tax rate for debt service on the Bonds is legally unlimited as to rate or amount.

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District's facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District's voters. Elections for such a tax were held on August 10, 1985 at which time a maintenance tax not to exceed \$1.50 per \$100 assessed valuation was approved by the District's voters.

Top Ten Taxpayers - Table 12

The following list of principal taxpayers was provided by the Tax Assessor/Collector based on the 2009, 2008 and 2007 tax rolls of the District, which reflect ownership as of January 1, of each year shown.

Name	Type of Property	2009 ^(a)	2008 ^(b)	2007 ^(c)
River Place Golf Group LP	Land & Improvements	\$3,950,000	\$4,250,000	\$4,199,500
Total		<u>\$3,950,000</u>	<u>\$4,250,000</u>	<u>\$4,199,500</u>
Percent of Assessed Valuation		0.91%	1.07%	1.15%

(a) Excludes approximately \$22,719,010 in value representing homes owned by individuals.

(b) Excludes approximately \$14,678,304 in value representing homes owned by individuals.

(c) Excludes approximately \$13,921,114 in value representing homes owned by individuals.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2009 Assessed Valuation and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments (Impact on District Tax Rates)."

Projected Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2010 through 2019)	\$ 936,457
\$0.21 Tax Rate on 2009 Assessed Valuation of \$481,048,077 @ 95% collections produces	\$ 959,691
Projected Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2013)	\$1,299,150
\$0.29 Tax Rate on 2009 Assessed Valuation of \$481,048,077 @ 95% collections produces	\$1,325,285

Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/10.....	\$1,243,967(a)
Estimated Audited Debt Service Fund Balance as of 9/30/09	\$379,019 (b)
2009 Debt Service Tax Levy @ 95% collections produces	\$1,198,243 (c)
Total Available for Debt Service	<u>\$1,577,262</u>

(a) Reflects 2010 debt service requirements after the issuance of the Bonds.

(b) Estimated debt service fund balance after payment of the September 1, 2009 debt service payment.

(c) The District expects to levy a 2009 debt service tax rate of \$0.2687 per \$100 assessed valuation in September, 2009.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS - Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA - Tax Rate Limitation." The District's voters have authorized the levy of a maintenance tax in the maximum amount of \$1.50 per \$100 assessed valuation, and the District has levied such a tax in the past.

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 herein.

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

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; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain household goods, wares and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development organizations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. Partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran is property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty. Also partially exempt, if approved by the Board or at an election called by the Board upon petition of at least 20% of the number of qualified voters who voted in the District's preceding election, are residence homesteads of certain persons who are disabled or at least 65 years old to the extent of \$3,000 of appraised value or such higher amount as the Board or the District's voters may approve. The District's tax assessor 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.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. The District has, in prior years, adopted a general homestead exemption in the amount of 20% of appraised value, but no representation is made that the Board will determine to grant such exemption in the future.

Tax Abatement

Travis County may designate all or part of the area within the District as a reinvestment zone. The City of Austin also may designate property within its boundaries or its extraterritorial jurisdiction ("ETJ") as a reinvestment zone. Thereafter, Travis County, the Leander Independent School District, the District, or the City of Austin (after annexation of the District) at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. The terms of certain provisions contained in all municipal tax abatement agreements must be substantially the same.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal. The chief appraiser uses the method he or she considers the most appropriate. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the 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 three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the TCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the TCAD 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 TCAD chooses formally to include such values on its appraisal roll.

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, 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 the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property on 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 "FINANCIAL STATEMENT - Overlapping Taxes for 2007". 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 two years 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. See "INVESTMENT CONSIDERATIONS."

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and Net Revenue. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton LLP ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except

to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinion will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds. The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorney rendering the opinion as to the legal issue explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. In connection with the transaction described in this Official Statement, Bond Counsel represents only the District.

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Underwriters 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 this Preliminary Official Statement, as it may be amended through the date of sale.

VERIFICATION OF ESCROW SUFFICIENCY AND YIELDS

Grant Thornton, L.L.P., a firm of independent certified public accountants, upon delivery of the Bonds, will deliver to the District its verification report indicating that it has performed certain procedures to verify, in accordance with standards established by the American Institute of Certified Public Accountants, the arithmetical accuracy of the information provided by the Financial Advisor relating to (a) the sufficiency of the anticipated receipts from the Escrowed Securities, together with the initial cash deposit, if any, to pay, when due, the principal and interest on the Refunded Bonds and (b) the "Yield" on the Escrowed Securities and on the Bonds. Such computations will be completed using certain assumptions and information provided by Southwest Securities on behalf of the District. Grant Thornton, L.L.P. has restricted its procedures to recalculating the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

The report will be relied upon by Bond Counsel in rendering its opinion with respect to the excludability from federal income taxation of interest on the Bonds and with respect to the defeasance of the Refunded Bonds.

TAX MATTERS

Opinion

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

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

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the projects financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

Interest on the Bonds will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by Section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent for corporations, or 26 percent for noncorporate taxpayers (28 percent for taxable income exceeding \$175,000), of the taxpayer’s “alternative minimum taxable income,” if the amount of such alternative minimum tax is greater than the taxpayer’s regular income tax for the taxable year.

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining

the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year, except that such amount will be \$30,000,000 for the taxable years beginning after December 31, 2008 and ending prior to January 1, 2011. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011), there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of such amounts is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. 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 the Municipal Securities Rulemaking Board ("the MSRB"). This information will be publicly available on the MSRB's Internet website at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 12 and in Appendix A. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2009. The District will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A 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, 2009. Accordingly, it must provide updated information by March 30, in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Material Event Notices

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of Registered Owners; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports".

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under "Annual Reports" and "Material Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

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 Registered Owners may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The Bonds represent the sixth installment of bonds issued by the District, and the District is in compliance with all prior undertakings with respect to its continuing disclosure agreement related to the its outstanding bonds.

MUNICIPAL BOND RATINGS

In connection with the sale of the Bonds, the District has made application to Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation, a division of the McGraw-Hill Companies ("S&P") for a municipal bond rating and has received ratings of "Aaa" and "[REDACTED]", respectively, as a result of an insurance policy issued by [REDACTED]. Additionally, the Bonds and the District's outstanding bonds have received underlying ratings of "[REDACTED]" and "[REDACTED]" from Moody's and S&P, respectively. The District's Series 1995, 2000 and 2002 bonds were also rated "Aaa" and "AAA" by Moody's and S&P, respectively, based upon the issuance of insurance policies by Ambac Assurance Company (Ambac) and Financial Security Assurance Inc. (FSA), respectively. The District's Series 1998 bonds were rated "Baa3" by Moody's, based upon the issuance of an insurance policy by Financial Guaranty Insurance Corporation (FGIC). An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgment of such company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Financial Guaranty Industry – Recent Events

Fitch Ratings ("Fitch"), Moody's and S&P, (collectively referred to herein as the "Rating Agencies") have each released statements on the health of the financial guaranty industry that cite financial guarantors' exposure to subprime mortgage risk as an area of stress for the financial guaranty industry. In various releases, the Rating Agencies have each outlined processes that they intend to follow in evaluating the effect of this risk on their respective ratings of financial guarantors. For some financial

guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade, or a downgrade. Potential investors are directed to the Rating Agencies for additional information on their respective evaluations of the financial guaranty industry and individual financial guarantors.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Southwest Securities, Inc. (the "Financial Advisor"), which firm was employed in 1997 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

UNDERWRITING

The Underwriter of the Bonds has agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the District at an underwriting discount of \$ [REDACTED] from the initial public offering prices therefore set forth on the cover page of this Official Statement. The Underwriter will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices and such public offering prices may be charged from time to time by the Underwriter.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement was compiled and edited by the District's Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

"THE DISTRICT – Severn Trent Services (the “General Manager”), Gray-Jansing & Associates ("Engineer"), Leander Independent School District, and various area commercial and retail establishments; "THE DISTRICT - Status of Development" - the General Manager; "THE SYSTEM" - Engineer; "UNLIMITED TAX AND REVENUE BONDS AUTHORIZED BUT UNISSUED" - Records of the District ("Records"), "FINANCIAL STATEMENT" -- Travis County Appraisal District (the "Appraisal District") and Nelda Wells Spears ("Tax Assessor/Collector"); "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - Appraisal District and Tax Assessor/Collector; "WATER AND SEWER OPERATIONS" - Audits and Records; "MANAGEMENT" - District Directors; "PROJECTED DEBT SERVICE REQUIREMENTS" - Financial Advisor; "CONSENT TO CREATION AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF AUSTIN," "THE DISTRICT – General, and - Out of District Service Area,"; "TAXING PROCEDURES," "THE BONDS," "THE SYSTEM – WHOLESALE WATER SUPPLY AGREEMENT," and "LEGAL MATTERS" McGinnis, Lochridge & Kilgore, L.L.P.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

The Engineer: The information contained in the Official Statement relating to engineering and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM," has been provided by Gray-Jansing & Associates, and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in the Official Statement relating to the historical Certified Taxable Assessed Valuations has been provided by the Travis Central Appraisal District and has been included herein in reliance upon the Authority of such entity as experts in assessing the values of property in Travis County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to principal taxpayers, historical tax collection rates and make-up of taxable property within the District including particularly such information included in the Section entitled "TAX DATA" has been provided by Nelda Wells Spears in reliance upon his authority as an expert in the field of appraising and tax assessing.

Updating the Official Statement During Underwriting Period

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 Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters 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 Underwriters, unless the Underwriters notify the District 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 District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge 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, description 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. All changes in the affairs of the District and other matters described in the Official Statement subsequent to the delivery of the Bonds and all information with respect to the resale of the Bonds are the responsibility of the Underwriters.

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c(2)-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "FINAL OFFICIAL STATEMENT" of the District with respect to the Bonds, as that term is defined in Rule 15c(2)-12.

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

/s/

James Casey
President, Board of Directors
River Place Municipal Utility District

/s/

Arthur Jistel
Secretary, Board of Directors
River Place Municipal Utility District

PHOTOGRAPHS

The following photographs were taken in the District in September, 2009. The homes and commercial establishments shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

APPENDIX A
Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of River Place Municipal Utility District for the fiscal year ended September 30, 2008. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

**RIVER PLACE
MUNICIPAL UTILITY DISTRICT**

**Financial Statements and
Supplemental Information for the
Year Ended September 30, 2008
and Independent Auditors' Report**

MAXWELL
& LOCKE
RITTER

RIVER PLACE MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF TRAVIS

I, _____
(Name of Duly Authorized District Representative)

of the RIVER PLACE MUNICIPAL UTILITY DISTRICT.

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 20____, its annual audit report for the fiscal year ended September 30, 2008 and that copies of the annual audit report have been filed in the district office, located at 401 Congress Avenue, Ste. 2100, Austin, TX 78701.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: _____, 20____. By: _____
(Signature of District Representative)

James F. Casey, Board President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this _____ day of _____, 20____.

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

My Commission Expires On: _____
Notary Public in and for the State of Texas.



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

401 Congress Avenue, Suite 1100

Austin, Texas 78701

tel (512) 370 3200 fax (512) 370 3250

www.mlrpc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
River Place Municipal Utility District:

We have audited the accompanying financial statements of the governmental activities and each major fund of River Place Municipal Utility District (the "District") as of and for the year ended September 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Affiliated Companies

ML&R PERSONNEL SOLUTIONS LLC

"The Resource for Direct Hire & Project Staffing"

ML&R WEALTH MANAGEMENT LLC[®]

"A Registered Investment Advisor"

This firm is not a CPA firm

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such supplemental information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maxwell Locke + Ritter LLP
January 23, 2009

RIVER PLACE MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis For the Year Ended September 30, 2008

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of River Place Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2008. Please read it in connection with the District's financial statements that follow.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
 - *Statement of Net Assets and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Statement of Net Assets and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance* includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Assets and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance*.

Schedules required by the Texas Commission on Environmental Quality are presented immediately following the notes to basic financial statements.

Comparative Financial Statements

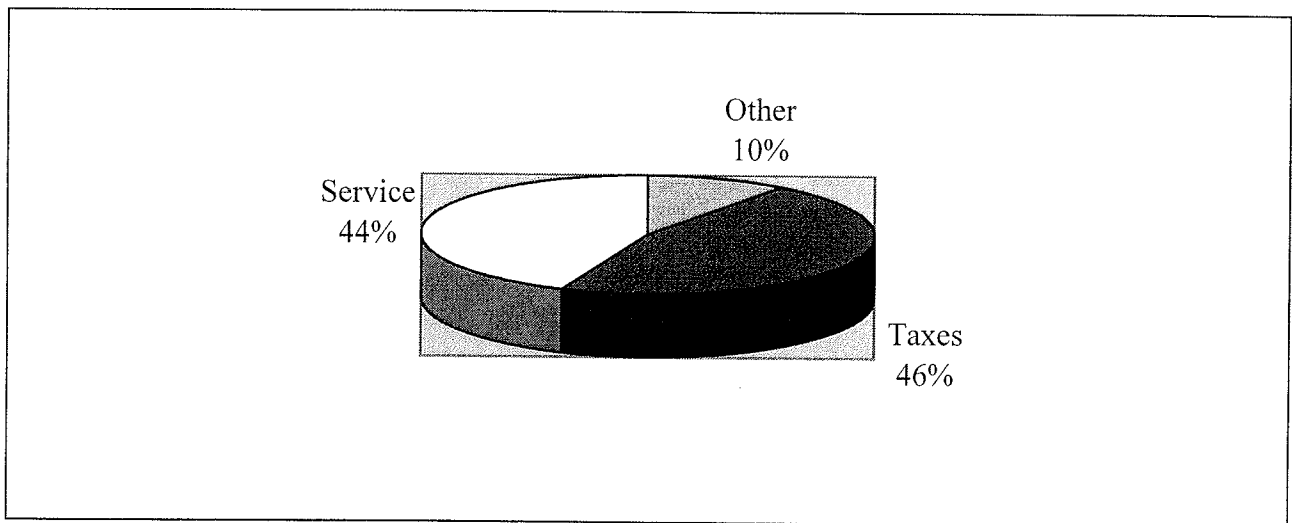
Statement of Net Assets

	Governmental Activities		
	2008	2007	% Change
Current and other assets	\$ 3,545,868	\$ 3,848,255	(8%)
Capital and non-current assets	19,663,624	19,913,442	(1%)
Total assets	\$ 23,209,492	\$ 23,761,697	(2%)
Current liabilities	\$ 1,367,208	\$ 1,337,923	2%
Long-term liabilities	7,995,000	8,855,000	(10%)
Total liabilities	\$ 9,362,208	\$ 10,192,923	(8%)
Invested in capital assets, net of related debt	\$ 11,307,701	\$ 10,228,442	11%
Restricted	439,170	1,030,895	(57%)
Unrestricted	2,100,413	2,309,437	(9%)
Total net assets	\$ 13,847,284	\$ 13,568,774	2%

The District's total assets were approximately \$23.2 million as of September 30, 2008. Of this amount, approximately \$19.7 million is accounted for by capital assets and unamortized deferred charges. The District had outstanding liabilities of approximately \$9.3 million of which approximately \$8.9 million represent bonds payable.

The District's property tax assessed value in 2008 was approximately \$433.7 million compared to approximately \$398.2 million in 2007. The tax rate is set after modeling revenue and expenses for the upcoming five year period. The District's primary revenue sources are water/wastewater/garbage services and property taxes.

Sources of Revenue



Statement of Activities

	Governmental Activities		
	2008	2007	% Change
Service revenues	\$ 1,484,400	\$ 1,085,260	37%
Property taxes	1,507,213	1,563,430	(4%)
Other	345,101	532,750	(35%)
Total revenues	3,336,714	3,181,440	5%
Service expenses	1,366,575	1,233,141	11%
Other	482,088	388,591	24%
Debt service	478,772	515,279	(7%)
Depreciation	730,769	640,140	14%
Total expenses	3,058,204	2,777,151	10%
Change in net assets	278,510	404,289	(31%)
Beginning net assets	13,568,774	13,164,485	3%
Ending net assets	\$ 13,847,284	\$ 13,568,774	2%

Operating revenues increased by approximately \$155,000 to approximately \$3.3 million for the fiscal year ended September 30, 2008. Service revenues provided approximately \$1.5 million and property taxes generated approximately \$1.5 million in revenues. Total expenses increased approximately \$281,000 to approximately \$3.0 million for the fiscal year ended September 30, 2008. Net assets increased approximately \$279,000 for the fiscal year ended September 30, 2008 compared to an increase of approximately \$404,000 for the fiscal year ended September 30, 2007.

Analysis of Governmental Funds

	2008	2007	2006
Cash	\$ 665,668	190,452	152,345
Investments	2,530,639	3,412,976	3,678,573
Receivables	375,494	264,661	661,741
Total assets	\$ 3,571,801	3,868,089	4,492,659
Accounts payable	\$ 174,573	186,897	205,793
Refundable deposits	290,680	285,355	266,806
Other liabilities	39,297	27,785	2,800
Total liabilities	504,550	500,037	475,399
Reserved	934,265	1,060,957	1,158,071
Unreserved	2,132,986	2,307,095	2,859,189
Total fund balances	3,067,251	3,368,052	4,017,260
Total liabilities and fund balances	\$ 3,571,801	3,868,089	4,492,659

The *General Fund* pays for daily operating expenses. Included in the *General Fund* for reporting purposes is the *Parks Fund*, which pays for improvements and operations of the District's parks and tennis courts through transfers of funds from the *General Fund* and tennis court membership fees. During the year ended September 30, 2008, the *Parks Fund* had \$213,931 in expenditures and received \$55,355 from the *General Fund*. When comparing actual to budget, capital outlay and repairs and maintenance expenditures were lower than budgeted due to the delay of several projects. More detailed information about the District's budgetary comparison is presented in the *Notes to Basic Financial Statements*. The *General Fund* spent \$516,386 on the District's infrastructure.

The *Debt Service Fund* remitted bond principal of \$830,000 and interest of \$444,988. More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Project Fund* purchases primarily the District's infrastructure.

Capital Assets

	2008	2007
Land	\$ 916,086	\$ 916,086
Roads	65,625	65,625
Park improvements	2,381,666	2,377,466
Water, wastewater, drainage	16,783,135	16,270,949
Joint water facilities	4,794,398	4,794,398
Subtotal	24,940,910	24,424,524
Accumulated depreciation	(5,601,195)	(4,870,426)
Total	\$ 19,339,715	\$ 19,554,098

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt Activity

	2008	2007
Series 1995 Bonds	\$ 2,040,000	\$ 2,260,000
Series 1998 Bonds	1,700,000	1,820,000
Series 2000 Bonds	3,160,000	3,360,000
Series 2002 Bonds	1,955,000	2,245,000
Total	\$ 8,855,000	\$ 9,685,000

The District owes \$8.9 million to bond holders. During the year, the principal balance was reduced by \$830,000. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

The tax rate has been set at \$0.35 per \$100 of assessed valuation. The adopted budget for 2009 projects a General Fund fund balance decrease of approximately \$0.6 million. When compared to the 2008 budget, revenues are expected to increase by approximately 12% due to an increase in service revenue. Expenses are expected to increase by approximately 15% due to an increase in capital projects. Approximately 26% of the property tax will fund general operating expenses, and approximately 74% of the property tax will be set aside for debt service.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Winstead P.C., 401 Congress Avenue, Suite 2100, Austin, TX 78701.

RIVER PLACE MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2008

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET ASSETS
<u>ASSETS</u>						
Cash	\$ 665,668	-	-	665,668	-	665,668
Investments	1,571,947	447,994	510,698	2,530,639	-	2,530,639
Receivables:						
Service accounts, net	298,420	-	-	298,420	-	298,420
Taxes	1,447	3,982	-	5,429	-	5,429
Other	44,206	1,506	-	45,712	-	45,712
Due from other funds	25,933	-	-	25,933	(25,933)	-
Deferred charges, net	-	-	-	-	323,909	323,909
Capital assets						
(net of accumulated depreciation):						
Land	-	-	-	-	916,086	916,086
Roads	-	-	-	-	49,382	49,382
Park improvements	-	-	-	-	1,399,655	1,399,655
Water, wastewater, and drainage facilities	-	-	-	-	13,000,947	13,000,947
Other water facilities	-	-	-	-	3,973,645	3,973,645
Total assets	<u>\$ 2,607,621</u>	<u>453,482</u>	<u>510,698</u>	<u>3,571,801</u>	<u>19,637,691</u>	<u>23,209,492</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 174,573	-	-	174,573	-	174,573
Refundable deposits	290,680	-	-	290,680	-	290,680
Other liabilities	7,935	-	-	7,935	-	7,935
Accrued bond interest payable	-	-	-	-	34,020	34,020
Deferred revenue	1,447	3,982	-	5,429	(5,429)	-
Due to other funds	-	14,312	11,621	25,933	(25,933)	-
Long-term liabilities:						
Due within one year	-	-	-	-	860,000	860,000
Due after one year	-	-	-	-	7,995,000	7,995,000
Total liabilities	<u>474,635</u>	<u>18,294</u>	<u>11,621</u>	<u>504,550</u>	<u>8,857,658</u>	<u>9,362,208</u>
<u>FUND BALANCE/NET ASSETS</u>						
Fund balances:						
Reserved for debt service	-	435,188	-	435,188	(435,188)	-
Reserved for capital projects	-	-	499,077	499,077	(499,077)	-
Unreserved, undesignated	<u>2,132,986</u>	<u>-</u>	<u>-</u>	<u>2,132,986</u>	<u>(2,132,986)</u>	<u>-</u>
Total fund balance	<u>2,132,986</u>	<u>435,188</u>	<u>499,077</u>	<u>3,067,251</u>	<u>(3,067,251)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,607,621</u>	<u>453,482</u>	<u>510,698</u>	<u>3,571,801</u>		
Net assets:						
Investment in capital assets, net of related debt					\$ 11,307,701	11,307,701
Restricted for debt service					439,170	439,170
Unrestricted					<u>2,100,413</u>	<u>2,100,413</u>
Total net assets					<u>\$ 13,847,284</u>	<u>13,847,284</u>

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

RIVER PLACE MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED SEPTEMBER 30, 2008

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES:						
Service operations:						
Repairs and maintenance	\$ 317,621	-	-	317,621	-	317,621
Water purchases	282,168	-	-	282,168	-	282,168
Utilities	260,045	-	-	260,045	-	260,045
Operations/management fees	204,677	-	-	204,677	-	204,677
Park	193,448	-	-	193,448	-	193,448
Sludge hauling	121,983	-	-	121,983	-	121,983
Garbage collection	119,519	-	-	119,519	-	119,519
Legal fees	95,012	-	-	95,012	-	95,012
Chemicals	60,562	-	-	60,562	-	60,562
Engineering fees	55,458	-	-	55,458	-	55,458
Directors' fees	25,352	-	-	25,352	-	25,352
Security fees	25,064	-	-	25,064	-	25,064
Audit fees	19,000	-	-	19,000	-	19,000
Insurance	14,210	-	-	14,210	-	14,210
Other consulting fees	5,252	-	-	5,252	-	5,252
Tax appraisal/collection fees	1,891	6,239	-	8,130	-	8,130
Other	29,541	-	11,621	41,162	-	41,162
Capital outlay	516,386	-	-	516,386	(516,386)	-
Debt service:						
Principal payments	-	830,000	-	830,000	(830,000)	-
Interest and fiscal charges	-	444,988	-	444,988	33,784	478,772
Depreciation	-	-	-	-	730,769	730,769
Total expenditures/expenses	2,347,189	1,281,227	11,621	3,640,037	(581,833)	3,058,204
REVENUES:						
Program revenues:						
Service revenue, including penalties	1,484,400	-	-	1,484,400	-	1,484,400
Storage revenue	184,780	-	-	184,780	-	184,780
System connection fees	34,875	-	-	34,875	-	34,875
Total program revenues	1,704,055	-	-	1,704,055	-	1,704,055
Net program expense						(1,354,149)
General revenues:						
Property taxes, including penalties and interest	394,528	1,115,207	-	1,509,735	(2,522)	1,507,213
Interest	73,284	33,403	17,546	124,233	-	124,233
Other	1,213	-	-	1,213	-	1,213
Total general revenues	469,025	1,148,610	17,546	1,635,181	(2,522)	1,632,659
Total revenues	2,173,080	1,148,610	17,546	3,339,236	(2,522)	3,336,714
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(174,109)	(132,617)	5,925	(300,801)	300,801	-
Change in net assets					278,510	278,510
FUND BALANCES/NET ASSETS:						
Beginning of year	2,307,095	567,805	493,152	3,368,052	10,200,722	13,568,774
End of year	\$ 2,132,986	435,188	499,077	3,067,251	10,780,033	13,847,284

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

RIVER PLACE MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED SEPTEMBER 30, 2008

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:			
Service revenue, including penalties	\$ 1,358,554	1,484,400	125,846
Property taxes, including penalties and interest	400,796	394,528	(6,268)
Storage revenue	-	184,780	184,780
System connection fees	38,925	34,875	(4,050)
Interest	72,000	73,284	1,284
Other	-	1,213	1,213
Total revenues	1,870,275	2,173,080	302,805
EXPENDITURES:			
Service operations:			
Repairs and maintenance	617,455	317,621	299,834
Water purchases	194,844	282,168	(87,324)
Utilities	284,536	260,045	24,491
Operations/management fees	204,048	204,677	(629)
Park	127,000	193,448	(66,448)
Sludge hauling	50,500	121,983	(71,483)
Garbage collection	123,000	119,519	3,481
Legal fees	60,000	95,012	(35,012)
Chemicals	58,075	60,562	(2,487)
Engineering fees	40,000	55,458	(15,458)
Directors' fees	31,003	25,352	5,651
Security fees	25,000	25,064	(64)
Audit fees	19,000	19,000	-
Insurance	16,050	14,210	1,840
Other consulting fees	15,000	5,252	9,748
Tax appraisal/collection fees	7,000	1,891	5,109
Other	46,800	29,541	17,259
Capital outlay	829,500	516,386	313,114
Total expenditures	2,748,811	2,347,189	401,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(878,536)	(174,109)	704,427
FUND BALANCES:			
Beginning of year	2,307,095	2,307,095	2,307,095
End of year	\$ 1,428,559	2,132,986	3,011,522

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

RIVER PLACE MUNICIPAL UTILITY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

River Place Municipal Utility District (the "District"), was created, organized and established on February 24, 1984, by the Texas Commission on Environmental Quality (formerly known as the Texas Water Commission) pursuant to the provisions of Chapter 54 of the Texas Water Code. The District is a political subdivision of the State of Texas and operates under an elected Board of Directors.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 14 since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements - For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net assets and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide 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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred revenue.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any fund balances are considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources designated to be used for authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting - Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund and the Capital Projects Fund. The budget is proposed by the District Manager for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Liabilities, and Net Assets or Equity

Investments - The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Capital Assets - Capital assets, which include land, water, wastewater and drainage systems (purchased, constructed or donated), joint water facilities, park improvements, and roads are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$15,000. Such assets are recorded at historical cost if purchased or estimated fair value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land) are depreciated using the straight line method over the following estimated useful lives: water, wastewater and drainage systems - ten to fifty years, other water facilities - ten to fifty years, park improvements - five to thirty years, roads - fifty years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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 debt service expenditures.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds total fund balance	\$ 3,067,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,339,715
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	5,429
The following liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(8,855,000)
Bond interest payable	(34,020)
Deferred charges on issuance costs	323,909
Total net assets	<u>\$ 13,847,284</u>

Amounts reported for governmental activities in the statement of activities are different because:

Deficiency of revenues under expenditures	\$ (300,801)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	516,386
Depreciation expense	(730,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	(2,522)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Repayment of bond principal	830,000
Certain costs associated with the issuance of bonds are amortized over the life of the bond	
Amortization of bond issuance costs	(35,435)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in bond interest payable	1,651
Change in net assets	<u>\$ 278,510</u>

3. CASH AND TEMPORARY INVESTMENTS

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2008, the carrying amount of the District's deposits was \$665,668 and the bank balance was \$691,669, and such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board of Directors. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States Government and/or its agencies and instrumentalities, money market mutual funds with investment objectives or maintain a stable net asset value of \$1 per share, mutual funds in one of the three highest categories by a nationally recognized rating agency, securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency, and public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

Investments held at September 30, 2008 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pools:			
TexPool	\$ 2,035,004	1	AAAm
LOGIC	495,635	1	AAA
Total	<u>\$ 2,530,639</u>		

At September 30, 2008, the District had investments in two external local governmental investment pools, Texas Local Governmental Investment Pool ("TexPool") and Local Government Investment Cooperative ("LOGIC").

Although TexPool and LOGIC are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at fair value which is the same as the value of the pool shares.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manage daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

LOGIC is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. LOGIC is overseen by a six member governing board. The pool is tailored to the investment needs of local governments within the State of Texas. LOGIC's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

Credit Risk - At September 30, 2008, investments were included in local governmental investment pools with ratings from Standard & Poor's or other ratings agencies in compliance with the District's investment policy.

Interest Rate Risk - The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2008, was as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 14,312
	Capital Projects	11,621
Total		<u>\$ 25,933</u>

5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2008, was as follows:

	Balance September 30, 2007	Additions	Retirements and Transfers	Balance September 30, 2008
Capital assets, not being depreciated-				
Land	<u>\$ 916,086</u>	<u>-</u>	<u>-</u>	<u>916,086</u>
Capital assets, being depreciated:				
Roads	65,625	-	-	65,625
Park improvements	2,377,466	4,200	-	2,381,666
Water, wastewater, and drainage facilities	16,270,949	512,186	-	16,783,135
Other water facilities	<u>4,794,398</u>	<u>-</u>	<u>-</u>	<u>4,794,398</u>
Total capital assets being depreciated	<u>23,508,438</u>	<u>516,386</u>	<u>-</u>	<u>24,024,824</u>
Less accumulated depreciation for:				
Roads	(14,927)	(1,316)	-	(16,243)
Park improvements	(818,080)	(163,931)	-	(982,011)
Water, wastewater, and drainage facilities	(3,318,563)	(463,625)	-	(3,782,188)
Other water facilities	<u>(718,856)</u>	<u>(101,897)</u>	<u>-</u>	<u>(820,753)</u>
Total accumulated depreciation	<u>(4,870,426)</u>	<u>(730,769)</u>	<u>-</u>	<u>(5,601,195)</u>
Total capital assets, being depreciated, net	<u>18,638,012</u>	<u>(214,383)</u>	<u>-</u>	<u>18,423,629</u>
Capital assets, net	<u>\$ 19,554,098</u>	<u>(214,383)</u>	<u>-</u>	<u>19,339,715</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2008:

	Balance September 30, 2007	Additions	Retirements	Balance September 30, 2008
Unlimited Tax and Revenue Bonds	\$ 7,440,000	-	(540,000)	6,900,000
Unlimited Tax and Refunding Bonds	2,245,000	-	(290,000)	1,955,000
Total	<u>\$ 9,685,000</u>	<u>-</u>	<u>(830,000)</u>	<u>8,855,000</u>

Bonds payable at September 30, 2008, consist of the following:

Series	Description	Matures	Interest Rates	Balance September 30, 2008	Due within one year
1995	Unlimited Tax and Revenue Bonds	2015	5.00% - 7.00%	\$ 2,040,000	\$ 235,000
1998	Unlimited Tax and Revenue Bonds	2018	4.00% - 6.00%	1,700,000	130,000
2000	Unlimited Tax and Revenue Bonds	2019	5.00% - 7.00%	3,160,000	210,000
2002	Unlimited Tax and Revenue Refunding Bonds	2014	2.37% - 4.00%	1,955,000	285,000
	Total			<u>\$ 8,855,000</u>	<u>\$ 860,000</u>

Debt service requirements to maturity for District's bonds are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2009	\$ 860,000	403,606	1,263,606
2010	915,000	363,940	1,278,940
2011	990,000	321,485	1,311,485
2012	1,030,000	276,185	1,306,185
2013	1,105,000	228,630	1,333,630
2014-2018	3,580,000	517,350	4,097,350
2019	375,000	18,750	393,750
Total	<u>\$ 8,855,000</u>	<u>2,129,946</u>	<u>10,984,946</u>

The District bonds are secured by and payable from a first lien and pledge of ad valorem taxes and net revenues of the District.

At September 30, 2008, unlimited tax bonds of approximately \$11,750,000 were authorized by the District, but unissued. However, pursuant to the Consent Agreement between the City of Austin and the District, the District cannot issue bonds in excess of \$15,250,000, and the District had issued this amount of bonds in total as of September 30, 2008.

7. PROPERTY TAXES

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Travis Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2007, the District levied a combined tax rate of \$0.35 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.0914 and \$0.2586, respectively. The total 2007 tax levy was \$1,518,050 based on a taxable valuation of \$433,728,483.

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool ("TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. During the year ended September 30, 2008, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

9. COMMITMENTS AND CONTINGENCIES

The District entered into an Agreement Concerning Creation and Operation of River Place Municipal Utility District with the City of Austin and First River Place Reserve, Ltd. The Creation Agreement provides initial authority for the District to issue its bonds and notes for the purposes of constructing the waterworks, sanitary sewer, and storm systems of the District. The Agreement also provides both water and wastewater service to the District.

On March 23, 1994, the District and the developer entered into an agreement lasting unless the City of Austin annexes and dissolves the District whereby the District assumes responsibility for maintenance of the water quality/filtration facility (wet pond). This maintenance includes removing trash debris as needed, inspection by qualified personnel every twelve months to measure (and remove) sediment, and other actions reasonable necessary to maintain the wet pond in the manner for which it was designed.

On January 28, 1997, the District and the developer entered into the First Amended Agreement for Water Supply and Effluent Disposal. Under this agreement, the developer leases to the District certain golf course lands for disposal by irrigation of treated water effluent in return for rent payments of one dollar per year. Under this agreement, the District also agrees to supply raw water to the developer to supplement the supply of effluent for irrigation under certain conditions, and the developer agreed to pay certain operation costs incurred by the District for the use of the District facilities.

On August 23, 2007, the District entered into an Interlocal Agreement with the Lower Colorado River Authority ("LCRA") in which the District agreed to reserve capacity in its elevated storage tank for LCRA. Under the terms of this contract, the District is to receive a total of \$800,000 amortized over five years at an interest rate of five percent per year. For the year ended September 30, 2008, the District received \$184,780 related to this interlocal agreement.

RIVER PLACE MUNICIPAL UTILITY DISTRICT

INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED BY TEXAS COMMISSION ON ENVIRONMENTAL QUALITY YEAR ENDED SEPTEMBER 30, 2008

SCHEDULE INCLUDED

<u>YES</u>	<u>NO</u>	
<u>X</u>	<u> </u>	TSI-0 Notes Required by the Water District Accounting Manual
<u>X</u>	<u> </u>	TSI-1 Schedule of Services and Rates
<u>X</u>	<u> </u>	TSI-2 Schedule of General Fund Expenditures
<u>X</u>	<u> </u>	TSI-3 Schedule of Temporary Investments
<u>X</u>	<u> </u>	TSI-4 Analysis of Taxes Levied and Receivable
<u>X</u>	<u> </u>	TSI-5 Long-Term Debt Service Requirements by Years
<u>X</u>	<u> </u>	TSI-6 Analysis of Changes in Long-Term Bonded Debt
<u>X</u>	<u> </u>	TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years
<u>X</u>	<u> </u>	TSI-8 Board Members, Key Personnel and Consultants

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-0 NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL YEAR ENDED SEPTEMBER 30, 2008

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

Not applicable.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 6 to basic financial statements.

(E) Compliance with Debt Service Requirements

The provisions of the bond resolutions as summarized in Note 6 to basic financial statements relating to debt service requirements have been met.

(F) Redemption of Bonds

See Note 6 to basic financial statements.

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES YEAR ENDED SEPTEMBER 30, 2008

1. Services Provided by the District:

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

2. Retail Service Providers:

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

	(1) Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
WATER	\$ 31.00	2,000	Y	\$ 2.50 3.00	2,000 to 25,000 Over 25,000
WASTEWATER	\$ N/A	2,000	Y	\$ 3.14	Over 2,000
SURCHARGE	\$ None				

District employs winter averaging for wastewater usage? ☒ Yes ☐ No

(1) Basic charge for residents age 65 or older is \$30.00.

Total charges per 10,000 gallons usage: Water: \$ 51.00 Wastewater: \$ 25.12

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES (continued) YEAR ENDED SEPTEMBER 30, 2008

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
<=3/4"	998	996	x 1.0	996
1"	-	-	x 2.5	-
1 1/2"	6	6	x 5.0	30
2"	7	7	x 8.0	56
3"	1	1	x 15.0	15
4"	1	1	x 25.0	25
6"	1	1	x 50.0	50
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	1,014	1,012		1,172
Total Wastewater	989	989	x 1.0	989

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

Gallons pumped into system:	436,795,000	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	420,551,000	96.28%

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: _____

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES (continued) YEAR ENDED SEPTEMBER 30, 2008

5. Location of District:

County(ies) in which district is located: Travis

Is the District located entirely within one county? ☒ Yes ☐ No

Is the District located within a city? ☐ Entirely ☐ Partly ☒ Not at all

City(ies) in which District is located: N/A

Is the District located within a city's extra-territorial jurisdiction (ETJ?) ☒ Entirely ☐ Partly ☐ Not at all

ETJ's in which district is located: City of Austin

Are Board members appointed by an office outside the District? ☐ Yes ☒ No

If yes, by whom? N/A

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-2 SCHEDULE OF GENERAL FUND EXPENDITURES YEAR ENDED SEPTEMBER 30, 2008

Personnel Expenditures (including benefits)	\$ -
Professional Fees:	
Auditing	19,000
Legal	95,012
Engineering	55,458
Financial Advisor	-
Purchased Services For Resale-	
Bulk Water and Wastewater Service Purchases	282,168
Contracted Services:	
Bookkeeping	-
Utility Manager	204,677
Appraisal District	1,891
Tax Collector	-
Other Contracted Services	30,316
Utilities	260,045
Repairs and Maintenance	317,621
Administrative Expenditures:	
Directors' Fees	25,352
Office Supplies	-
Insurance	14,210
Other Administrative Expenses	29,541
Capital Outlay:	
Capitalized Assets	516,386
Expenditures not Capitalized	-
Tap Connection Expenditures	-
Solid Waste Disposal	119,519
Fire Fighting	-
Parks and Recreation	193,448
Other Expenditures	182,545
TOTAL EXPENDITURES	<u>\$ 2,347,189</u>

Number of persons employed by the District: 0 Full-Time 5 Part-Time
(Does not include independent contractors or consultants)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2008

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2008	Accrued Interest Receivable at September 30, 2008
<u>General Fund</u>					
Investment in TexPool	2273400002	Variable	N/A	\$ 1,037,142	\$ -
Investment in TexPool	2273400003	Variable	N/A	321,268	-
Investment in TexPool	2273400005	Variable	N/A	186,964	-
Investment in TexPool	2273400546	Variable	N/A	26,573	-
Totals				<u>1,571,947</u>	<u>-</u>
<u>Debt Service Fund</u>					
Investment in TexPool	2273400001	Variable	N/A	410,201	-
Investment in TexPool	2273400006	Variable	N/A	37,793	-
Totals				<u>447,994</u>	<u>-</u>
<u>Capital Projects Fund</u>					
Investment in TexPool	2273400004	Variable	N/A	15,063	-
Investment in LOGIC	742521040020	Variable	N/A	75,687	-
Investment in LOGIC	742521040030	Variable	N/A	419,948	-
Totals				<u>510,698</u>	<u>-</u>
Total - All Funds				<u>\$ 2,530,639</u>	<u>\$ -</u>

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE YEAR ENDED SEPTEMBER 30, 2008

	Maintenance Taxes	Debt Service Taxes		
TAXES RECEIVABLE, SEPTEMBER 30, 2007	\$ 2,342	5,609		
2007 Tax Roll	396,428	1,121,622		
Adjustments	(4,544)	(12,785)		
Total to be accounted for	394,226	1,114,446		
Tax collections:				
Current year	390,928	1,106,061		
Prior years	1,851	4,403		
Total collections	392,779	1,110,464		
TAXES RECEIVABLE, SEPTEMBER 30, 2008	\$ 1,447	3,982		
TAXES RECEIVABLE, BY YEARS:				
2007	\$ 1,159	3,284		
2006	40	96		
2005	71	154		
2004	57	179		
2003 and prior	120	269		
TAXES RECEIVABLE, SEPTEMBER 30, 2008	\$ 1,447	3,982		
	2007	2006	2005	2004
PROPERTY VALUATIONS -				
Land improvements and personal property	\$ 433,728,483	398,209,984	364,863,446	339,739,010
TAX RATES PER \$100 VALUATION:				
Maintenance tax rates	\$ 0.0914	0.2820	0.3076	0.3800
Debt service tax rates	0.2586	0.1180	0.1424	0.1200
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.3500	0.4000	0.4500	0.5000
ORIGINAL TAX LEVY	\$ 1,518,050	1,592,840	1,641,886	1,698,695
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.7%	99.9%	99.9%	99.9%
MAXIMUM TAX RATE APPROVED BY VOTERS	\$ 1.50 on 8/10/1985			

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2008

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS, SERIES 1995			UNLIMITED TAX AND REVENUE BONDS, SERIES 1998		
	Principal	Interest	Total	Principal	Interest	Total
	Due 9/1	Due 3/1, 9/1		Due 9/1	Due 3/1, 9/1	
2009	\$ 235,000	104,425	339,425	130,000	69,690	199,690
2010	250,000	91,500	341,500	140,000	64,230	204,230
2011	270,000	77,750	347,750	150,000	58,350	208,350
2012	290,000	64,250	354,250	150,000	51,975	201,975
2013	310,000	49,750	359,750	160,000	45,600	205,600
2014	330,000	34,250	364,250	180,000	38,800	218,800
2015	355,000	17,750	372,750	180,000	31,600	211,600
2016	-	-	-	200,000	24,400	224,400
2017	-	-	-	200,000	16,400	216,400
2018	-	-	-	210,000	8,400	218,400
	<u>\$ 2,040,000</u>	<u>439,675</u>	<u>2,479,675</u>	<u>1,700,000</u>	<u>409,445</u>	<u>2,109,445</u>

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2008

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS, SERIES 2000			UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2002		
	Principal	Interest	Total	Principal	Interest	Total
	Due 9/1	Due 3/1, 9/1		Due 9/1	Due 3/1, 9/1	
2009	\$ 210,000	162,450	372,450	285,000	67,041	352,041
2010	225,000	150,900	375,900	300,000	57,310	357,310
2011	250,000	138,975	388,975	320,000	46,410	366,410
2012	250,000	125,725	375,725	340,000	34,235	374,235
2013	275,000	112,350	387,350	360,000	20,930	380,930
2014	275,000	97,500	372,500	350,000	7,000	357,000
2015	300,000	83,750	383,750	-	-	-
2016	325,000	68,750	393,750	-	-	-
2017	325,000	52,500	377,500	-	-	-
2018	350,000	36,250	386,250	-	-	-
2019	375,000	18,750	393,750	-	-	-
	<u>\$ 3,160,000</u>	<u>1,047,900</u>	<u>4,207,900</u>	<u>1,955,000</u>	<u>232,926</u>	<u>2,187,926</u>

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2008

DUE DURING FISCAL YEARS ENDING 9/30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due	Interest Due	Total
2009	\$ 860,000	403,606	1,263,606
2010	915,000	363,940	1,278,940
2011	990,000	321,485	1,311,485
2012	1,030,000	276,185	1,306,185
2013	1,105,000	228,630	1,333,630
2014	1,135,000	177,550	1,312,550
2015	835,000	133,100	968,100
2016	525,000	93,150	618,150
2017	525,000	68,900	593,900
2018	560,000	44,650	604,650
2019	375,000	18,750	393,750
	<u>\$ 8,855,000</u>	<u>2,129,946</u>	<u>10,984,946</u>

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-6 ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT SEPTEMBER 30, 2008

	Series 1995	Series 1998	Series 2000	Series 2002	Totals
Interest rate	5.00 - 7.00%	4.00 - 6.00%	5.00 - 7.00%	2.37 - 4.00%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/2015	9/1/2018	9/1/2019	9/1/2014	
Bonds outstanding, beginning of year	\$ 2,260,000	1,820,000	3,360,000	2,245,000	9,685,000
Bonds issued during current year	-	-	-	-	-
Bonds retired during current year	(220,000)	(120,000)	(200,000)	(290,000)	(830,000)
Bonds outstanding, end of year	<u>\$ 2,040,000</u>	<u>1,700,000</u>	<u>3,160,000</u>	<u>1,955,000</u>	<u>8,855,000</u>
Interest paid during current year	<u>\$ 116,305</u>	<u>74,610</u>	<u>176,450</u>	<u>76,023</u>	<u>443,388</u>
Paying agent's name & address:	<u>Wells Fargo</u> <u>Dallas, Texas</u>	<u>Wells Fargo</u> <u>Dallas, Texas</u>	<u>Wells Fargo</u> <u>Dallas, Texas</u>	<u>Wells Fargo</u> <u>Dallas, Texas</u>	
Bond authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>		
Amount authorized	\$ 27,000,000	-	-		
Amount issued	<u>15,250,000</u>	<u>-</u>	<u>2,724,684</u>		
Remaining to be issued	<u>\$ 11,750,000</u>	<u>-</u>	<u>-</u>		
Debt Service Fund cash and temporary investments balances as of September 30, 2008			<u>\$ 447,994</u>		
Average annual debt service payments (principal & interest) for remaining term of debt			<u>\$ 998,631</u>		

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND FIVE YEARS ENDED SEPTEMBER 30, 2008

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
GENERAL FUND										
REVENUES:										
Service revenue, including penalties	\$ 1,484,400	1,085,260	2,082,677	1,607,842	1,364,420	68.3	54.6	74.1	73.8	65.1
Property tax, including penalties and interest	394,528	459,190	523,803	404,818	419,212	18.2	23.1	18.7	18.6	20.0
Storage revenue	184,780	184,780	-	-	-	8.5	9.3	-	-	-
Interest	73,284	135,663	112,112	56,118	26,713	3.4	6.8	4.0	2.6	1.3
System connection fees	34,875	91,402	61,500	43,950	14,050	1.6	4.6	2.2	2.0	0.7
Operating transfer in	-	-	-	-	28,562	-	-	-	-	1.4
LCRA contribution	-	-	-	-	75,879	-	-	-	-	3.6
Grant proceeds	-	-	-	-	75,000	-	-	-	-	3.6
Other	1,213	31,871	27,062	65,067	93,096	-	1.6	1.0	3.0	4.3
Total revenues	2,173,080	1,988,166	2,807,154	2,177,795	2,096,932	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Current:										
Repairs and maintenance	317,621	451,490	346,959	365,991	616,193	14.5	22.7	12.3	16.7	29.4
Water purchases	282,168	81,499	135,139	113,482	76,225	12.9	4.1	4.8	5.2	3.6
Utilities	260,045	238,858	306,056	266,211	254,585	12.0	12.0	10.9	12.2	12.1
Operations/management fees	204,677	202,726	196,200	196,200	196,250	9.4	10.2	7.0	9.0	9.4
Park	193,448	164,779	155,511	149,200	139,933	8.9	8.3	5.5	6.9	6.7
Sludge hauling	121,983	92,419	61,793	27,317	56,257	5.6	4.6	2.2	1.3	2.7
Garbage collection	119,519	107,331	100,647	99,783	103,890	5.5	5.4	3.6	4.6	5.0
Legal fees	95,012	86,674	95,882	89,615	68,723	4.4	4.4	3.4	4.1	3.3
Chemicals	60,562	58,818	62,294	23,759	57,407	2.8	3.0	2.2	1.1	2.7
Engineering fees	55,458	13,311	13,254	60,870	61,975	2.6	0.7	0.5	2.8	3.0
Directors' fees	25,352	23,737	31,165	31,488	29,873	1.2	1.2	1.1	1.4	1.4
Security fees	25,064	26,774	26,723	28,416	17,860	1.2	1.3	1.0	1.3	0.9
Audit fees	19,000	17,925	15,900	20,808	22,330	0.9	0.9	0.6	1.0	1.1
Insurance	14,210	11,584	11,523	10,731	2,237	0.7	0.6	0.4	0.5	0.1
Other consulting fees	5,252	5,144	19,929	7,662	15,615	0.2	0.3	0.7	0.4	0.7
Tax appraisal/collection fees	1,891	2,603	2,827	2,295	2,457	0.1	0.1	0.1	0.1	0.1
Other	29,541	29,838	29,968	61,814	32,250	1.4	1.5	1.1	2.8	1.5
Capital outlay	516,386	924,750	342,558	721,086	522,838	23.7	46.5	12.2	33.0	24.8
Total expenditures	2,347,189	2,540,260	1,954,328	2,276,728	2,276,898	108.0	127.8	69.6	104.5	108.6
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (174,109)	(552,094)	852,826	(98,933)	(179,966)	(8.0) %	(27.8)	30.4	(4.5)	(8.6)

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND (continued) FIVE YEARS ENDED SEPTEMBER 30, 2008

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
<u>DEBT SERVICE FUND</u>										
REVENUES:										
Property taxes, including penalties and interest	\$ 1,115,207	1,098,247	1,132,497	1,282,937	1,287,423	97.1 %	94.5	95.2	97.4	98.8
Interest	33,403	63,689	57,613	34,552	15,085	2.9	5.5	4.8	2.6	1.2
Total revenues	1,148,610	1,161,936	1,190,110	1,317,489	1,302,508	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Bond principal	830,000	795,000	492,305	507,379	685,000	72.3	68.4	41.4	38.5	52.6
Interest and fiscal charges	444,988	481,573	747,805	769,181	588,622	38.7	41.4	62.8	58.4	45.1
Other	6,239	7,822	8,643	12,723	12,465	0.5	0.7	0.7	1.0	1.0
Total expenditures	1,281,227	1,284,395	1,248,753	1,289,283	1,286,087	111.5	110.5	104.9	97.9	98.7
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	\$ (132,617)	(122,459)	(58,643)	28,206	16,421	(11.5) %	(10.5)	(4.9)	2.1	1.3
TOTAL ACTIVE RETAIL WATER CONNECTIONS										
	1,012	985	965	948	939					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS										
	989	974	954	935	928					

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2008

Complete District Mailing Address: c/o Philip S. Haag, Winstead, P.C., 401 Congress Ave.
Ste. 2100, Austin, TX 78701

District Business Telephone Number: (512) 335-7580

Submission date of the most recent District Registration Form: September 30, 2008
(TWC Sections 36.054 and 49.054)

Limit on fees of office that a director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Sections 49.060)

<u>Name and Address</u>	<u>Term of Office Elected or Appointed & Expires or Date Hired</u>	<u>Fees 9/30/08</u>	<u>Expense Reimbursements 9/30/08</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
James F. Casey	(Elected) 5/06-5/10	\$7,200	\$931	President
Kenneth Bartlett	(Elected) 5/08-5/12	\$1,650	-	Vice President
Arthur A. Jistel	(Elected) 5/08-5/12	\$5,850	\$55	Secretary
L. E. Wretlind	(Elected) 2/06-5/10	\$7,200	\$359	Treasurer
Claudia Tobias	(Appointed) 7/07-5/10	\$1,950	-	Assistant Treasurer and Assistant Secretary

Note: No director is disqualified from serving on this board under the Texas Water Code.

(continued)

RIVER PLACE MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2008

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/08</u>	<u>Title at Year End</u>
<u>Consultants:</u>			
Southwest Water Company, Inc.	1999	\$606,093	Utility Manager
Winstead P.C.	1994	\$62,037	Attorney
Gray-Jansing & Associates, Inc.	2004	\$205,427	Engineer
Pena Swayze & Co., LLP	1999	\$19,000	Auditor
Southwest Securities	1992	\$12,821	Financial Advisor
Travis County Tax Collector	N/A	\$8,154	Tax Collector

APPENDIX B
Schedule of Accreted Values

(TO COME)

APPENDIX C

Sample Specimen Insurance Policy

APPENDIX D

Form of Bond Counsel Opinion