

This OFFICIAL NOTICE OF SALE does not alone constitute an invitation for bids on the Bonds (as defined herein) but is merely notice of sale of the Bonds described herein. The invitation for bids is being made by means of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM attached hereto. Information contained in this OFFICIAL NOTICE OF SALE is qualified in its entirety by the detailed information contained in the PRELIMINARY OFFICIAL STATEMENT.

OFFICIAL NOTICE OF SALE
MONTGOMERY COUNTY DRAINAGE DISTRICT NO. 10
(A political subdivision of the State of Texas located within Montgomery County)

\$4,070,000

UNLIMITED TAX BONDS
SERIES 2020

The Bonds are obligations solely of Montgomery County Drainage District No. 10 (the “District”) and are not obligations of the State of Texas, Montgomery County, the City of Conroe, the City of Houston, or any entity other than the District.

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS (See “DELIVERY AND ACCOMPANYING DOCUMENTS—Qualified Tax-Exempt Obligations” HEREIN)

Bids Due: Tuesday, February 25, 2020 at 9:45 A.M., Houston Time in Houston, Texas
Bid Award: Tuesday, February 25, 2020 at 11:30 A.M., Houston Time in Houston, Texas

THE SALE

Bonds Offered for Sale by Competitive Bidding: The Board of Directors (the “Board”) of the District is inviting competitive bids for the purchase of \$4,070,000 Unlimited Tax Bonds, Series 2020 (the “Bonds”).

- (1) Deliver bids directly to the District as described below in “Bids Delivered to the District;”
- (2) Submit bids electronically as described below in “Electronic Bidding Procedures;” or
- (3) Submit bids by telephone as described below in “Bids by Telephone.”

Bids Delivered to the District: Sealed bids, plainly marked “Bid for Bonds,” should be addressed to “President and Board of Directors, Montgomery County Drainage District No. 10,” c/o Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046 prior to 9:45 A.M., Houston Time, on Tuesday, February 25, 2020. All bids must be submitted in duplicate on the OFFICIAL BID FORM, without alteration or interlineation.

Electronic Bidding Procedures: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 9:45 A.M., Houston Time, Tuesday, February 25, 2020. Bidders must submit, prior to 9:00 A.M., Houston Time, Tuesday, February 25, 2020, a signed OFFICIAL BID FORM to Anthea Moran, Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046 (anthea.moran@mastersonadvisors.com/713-814-0552). Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this OFFICIAL NOTICE OF SALE, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this OFFICIAL NOTICE OF SALE shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this OFFICIAL NOTICE OF SALE shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, telephone: 212-404-8102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under “CONDITIONS OF THE SALE—Basis of Award” herein. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the OFFICIAL BID FORM.**

Bids by Telephone: Bidders must submit two signed original OFFICIAL BID FORMS to Ms. Anthea Moran, Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046 (anthea.moran@mastersonadvisors.com/713-814-0552), prior to 9:00 A.M., Houston Time, Tuesday, February 25, 2020. Bidders that have provided signed bid forms will be contacted by a representative of Masterson Advisors LLC between 9:15 A.M., Houston Time, and 9:35 A.M., Houston Time, on the date of the sale. Questions about this procedure should be addressed to Ms. Moran at 713-814-0552.

*Masterson Advisors LLC will not be responsible for the submission of any bids tendered by telephone before the deadline for filing but received by the Board after the filing deadline nor does Masterson Advisors LLC assume any responsibility or liability with respect to any irregularities or errors associated with the submission of bids if the above-described telephone options are exercised. **The District will not accept bids submitted by facsimile.***

Place and Time of Bid Opening: The Board will open and publicly read bids for the purchase of the Bonds at the offices of Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046 at 9:45 A.M., Houston Time, Tuesday, February 25, 2020. Any bid received after the scheduled time for bid opening will not be accepted by the Board and will be returned unopened.

Award of the Bonds: The District will take action to award the Bonds or reject all bids at a meeting scheduled to convene at 11:30 A.M., Houston Time on the date of the bid opening, at the District’s meeting place, at 2727 Allen Parkway, Suite 1100, Houston, Texas 77019. Upon awarding the Bonds to the winning bidder (the “Initial Purchaser”), the Board will adopt an order authorizing the issuance of the Bonds (the “Bond Order”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order, to which Bond Order reference is hereby made for all purposes, and subject to compliance with Texas Government Code § 2252.908 as more fully described below. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing of the bonds.

Establishment of Issue Price: In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i), allowing the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the Bonds, the "hold-the-offering-price rule" shall apply, which will allow the District to treat the initial offering price to the public of each maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule applies to any maturity of the Bonds, the Initial Purchaser will neither offer nor sell that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the date on which the Initial Purchaser has sold at least 10 percent of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public or (ii) the close of the fifth business day after the sale date. The Initial Purchaser agrees to promptly report to the District's financial advisor when it has sold 10 percent of a maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth business day after the sale date. Alternative Certificates of Initial Purchaser are attached for use (i) when the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i) are met and (ii) when such requirements are not met.

THE BONDS

Description of the Bonds: The Bonds will be dated March 1, 2020, and interest will be payable on September 1, 2020, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid, initially by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent/Registrar”). Principal of the Bonds will be payable to the registered owners (the “Registered Owners”) at maturity or redemption upon presentation of the Bonds to the Paying Agent/Registrar. Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed on the interest payment date by the Paying Agent/Registrar to the Registered Owners, as shown on the records of the Paying Agent/Registrar on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date. See the PRELIMINARY OFFICIAL STATEMENT (made a part hereof) for a more complete description of the Bonds. The Bonds will mature serially on September 1 in each of the years and principal amounts as follows:

<u>YEAR</u> <u>DUE</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>YEAR</u> <u>DUE</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>YEAR</u> <u>DUE</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
2021	\$ 50,000	2029	\$ 50,000	2037	\$ 300,000
2022	50,000	2030	50,000	2038	325,000
2023	50,000	2031	50,000	2039	350,000
2024	50,000	2032	50,000	2040	500,000
2025	50,000	2033	50,000	2041	500,000
2026	50,000	2034	70,000	2042	500,000
2027	50,000	2035	100,000	2043	500,000
2028	50,000	2036	275,000		

Serial Bonds and/or Term Bonds: Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

Redemption Provisions: The Bonds maturing on and after September 1, 2026, are subject to redemption prior to maturity, at the option of the District, as a whole or in part, on September 1, 2025, or on any date thereafter at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Mandatory Sinking Fund Redemption: If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such term bond and continuing on September 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under the above caption “THE BONDS—Description of the Bonds.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par by lot or other customary method. The principal amount of term bonds to be mandatorily redeemed is subject to reduction by the amount of any prior optional redemption.

Book-Entry-Only: The District intends to utilize the Book-Entry-Only system of the Depository Trust Company (“DTC”). See “THE BONDS—Book-Entry-Only System” in the PRELIMINARY OFFICIAL STATEMENT.

Successor Paying Agent/Registrar: Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or any state thereof subject to supervision or examination by the federal or state banking authorities.

Source of Payment: The Bonds will constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of an annual ad valorem tax levied against taxable property located within the District, without legal limitation as to rate or amount, as further described in the PRELIMINARY OFFICIAL STATEMENT. The Bonds are obligations solely of the District and are not obligations of Montgomery County, the City of Conroe, the City of Houston, the State of Texas, or any entity other than the District.

CONDITIONS OF THE SALE

Types of Bids and Interest Rates: The Bonds will be sold in one block on an “all or none” basis at a price of not less than ninety-seven percent (97%) of the par value plus accrued interest to the date fixed for delivery. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. The net effective interest rate on the Bonds may not exceed 4.54%, which is two percentage points (2%) above the highest “20 Bond Index” as reported by the “Bond Buyer” during the thirty (30) day period prior to the date of this OFFICIAL NOTICE OF SALE. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates which may be used, each rate of interest specified for the Bonds maturing in the years 2026 (base year) through 2043 shall not be less than the rate of interest specified for any earlier maturity in the years 2026 through 2043 and the highest interest rate bid may not exceed the lowest interest rate bid by more than two and one-half percent (2.5%) in rate. No bid that generates a cash premium greater than \$5,000 will be considered. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid.

Basis of Award: For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the interest rate or rates specified therein, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or subtracting therefrom the dollar amount of the premium bid, if any. Subject to the District’s right to reject any or all bids, the Bonds will be awarded to the bidder whose bid, under the above computation, produces the lowest net interest cost to the District.

Provision of Texas Ethics Commission Form 1295 (“TEC Form 1295”) by Bidders: Pursuant to Texas Government Code § 2252.908 (the “Interested Party Disclosure Act” or the “Act”), the District may not award the Bonds to a bidder unless the bidder, and each syndicate member listed on the Official Bid Form, have provided to the District (c/o Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046; Attn: Anthea Moran, anthea.moran@mastersonadvisors.com) a completed and signed TEC Form 1295 which has been assigned a certificate number by the Texas Ethics Commission (the “TEC”). Notwithstanding the foregoing, a bidder that is a publicly traded business entity, including a wholly owned subsidiary of the business entity, is exempted from the requirements of the Act. Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC’s website, assigned a certificate number, printed, signed and provided to the District. The TEC Form 1295 may accompany the Official Bid Form or may be submitted separately, but must be provided to the District prior to the time prescribed for the award of the Bonds. The TEC Form 1295 may be provided to the District via facsimile or electronically; however, the original signed TEC Form 1295 complete with certificate number must be physically delivered to the District (c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019; Attn: Taylor Goodall within two business days of the award. Following the award of the Bonds, the District will notify the TEC of the receipt of each completed TEC Form 1295. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein or to waive any such requirements. For purposes of completing the TEC Form 1295, the entity’s name is “Montgomery County Drainage District No. 10” and the contract ID number is **MCDD10-S2020-B** and the description of goods and services to be provided is “Initial Purchaser.” Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

Compliance with laws prohibiting contracts with companies boycotting Israel and certain companies engaged in business with Iran, Sudan or foreign terrorist organizations: Pursuant to Chapter 2271, Texas Government Code⁽¹⁾, the District may not award the Bonds to a bidder unless the bidder verifies that it does not boycott Israel and agrees it will not boycott Israel through the underwriting period of the Bonds as described in the Securities and Exchange Commission (“SEC”) Rule 15c2-12(f)(2)⁽²⁾. Similarly, pursuant to Chapter 2252, Texas Government Code, the District may not award the sale of the Bonds to a bidder unless the bidder certifies that it is not a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, and has not been identified as a company known to have contracts with or provide supplies or services to a foreign terrorist organization as identified on a list prepared and maintained under Section 806.051, 807.051, or 2252.153, Texas Government Code⁽³⁾. By submitting a bid, the bidder makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, agrees to execute, at the request of District, further written certifications as may be necessary or convenient for District to establish compliance with the aforementioned laws.

Good Faith Deposit: Each bid must be accompanied by a bank cashier's check payable to the order of “Montgomery County Drainage District No. 10” in the amount of \$81,400, which represents two percent (2%) of the par value of the Bonds (the “Good Faith Deposit”). **Only bank’s cashier’s checks will be accepted.** The check will be considered as a Good Faith Deposit. No interest will be paid on the Good Faith Deposit. The checks for the Good Faith Deposit accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Bonds has been made. The check of the Initial Purchaser will be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of the OFFICIAL BID FORM and this OFFICIAL NOTICE OF SALE. In the event the Initial Purchaser should fail or refuse to accept delivery of and pay for the Bonds in accordance with such terms, then the Good Faith Deposit shall be cashed, and the proceeds accepted by the District as full and complete liquidated damages against the Initial Purchaser. The Good Faith Deposit may accompany the OFFICIAL BID FORM or it may be submitted separately; if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn to authorize its use as a Good Faith Deposit by the bidder, who shall be named in such instructions. The Good Faith Deposit will be returned immediately after full payment has been made by the Initial Purchaser to the District in federal or immediately available funds in the amount of the purchase price plus accrued interest thereon.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery: The Bonds will be delivered as one Bond for each maturity, exchangeable as set forth below. Delivery will be at the principal payment office of the Paying Agent/Registrar in Houston, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given three (3) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about March 27, 2020, and it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 10:00 A.M., Houston Time on March 27, 2020, or thereafter on the date the Bonds are tendered for delivery, up to and including April 29, 2020. If for any reason the District is unable to make delivery on or before April 29, 2020, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within three (3) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

Delivery of Exchange Bonds: The Paying Agent/Registrar will, on the delivery date, exchange the Bonds to be delivered by the District for the Bonds registered in the name of Cede & Co., as nominee of DTC, consisting of one Bond per maturity, maturing as set out in the Notice of Sale and bearing interest in accordance with the terms of the Initial Purchaser’s bid.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid by the Initial Purchaser.

Conditions to Delivery: The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of the approving opinion of the Attorney General of Texas, the Initial Purchaser’s receipt of the Initial Bond(s), the Initial Purchaser’s receipt of the legal opinion of Bond Counsel and the no-litigation certificate, all as described below, and no material adverse change in the financial condition of the District as described below under “No Material Adverse Change.”

By submitting a bid in connection with the sale of the Bonds and as a condition of the award and delivery of the Bonds, the Initial Purchaser makes the following verification: Pursuant to Section 2271.002, Texas Government Code, and subject to applicable Federal law, the Initial Purchaser hereby represents that the Initial Purchaser does not boycott Israel and will not boycott Israel through the underwriting period described in SEC Rule 15c2-12(f)(2). For purposes of this representation, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

⁽¹⁾ The District is requiring the written acknowledgment and verification pursuant to instructions from the Attorney General of the State of Texas. The District is not taking a position as to whether the competitive sale of the Bonds pursuant to this Notice of Sale and Bidding Instructions constitutes a contract for goods and/or services for any purposes under Texas law.

⁽²⁾ For purposes of compliance with Chapter 2271 of the Texas Government Code, the term “Company” has the meaning assigned by Texas Government Code Section 808.001(2).

⁽³⁾ For purposes of compliance with Chapter 2252, Texas Government Code, the term “Company” has the meaning assigned by Texas Government Code Section 2270.0001(2).

The award and delivery of the Bonds is conditioned upon verification (in a form acceptable to the Attorney General of the State of Texas) that the Initial Purchaser is not a company with which the District is prohibited from doing business under Section 2252.152 of the Texas Government Code, which relates to agreements with companies engaged in business with Iran, Sudan or a foreign terrorist organization.

Rule G-32 Requirements: It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-32 within the required time frame. The Initial Purchaser must send two copies of the Official Statement along with two complete Form G-32's to the appropriate address.

Legal Opinions: The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount upon all taxable property in the District. The District will also furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, Houston, Texas, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the holders of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes without limitation as to rate or amount, against taxable property within the District, and that the interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of such opinion assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "LEGAL MATTERS" and "TAX MATTERS" in the PRELIMINARY OFFICIAL STATEMENT. Such opinions express no opinion with respect to the sufficiency of the security for or marketability of the Bonds.

Qualified Tax-Exempt Obligations: The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

Certification Regarding Offering Price of Bonds: In order to provide the District with information to enable it to comply with certain conditions of the Code relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding "issue price" substantially in the form accompanying this Official Notice of Sale. If the Initial Purchaser will not reoffer the Bonds for sale or has not sold a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner acceptable to the District. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the date of delivery of the Bonds if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

No-Litigation Certificate: The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, 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 obligation of the Initial Purchaser to take up and pay for the Initial Bonds, and of the District to deliver the Initial Bonds, is subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the PRELIMINARY OFFICIAL STATEMENT, as it may have been finalized, supplemented or amended through the date of sale.

OFFICIAL STATEMENT

To assist the Initial Purchaser in complying with Rule 15c2-12 of the SEC, the District and the Initial Purchaser agree, by the submission and acceptance of the winning bid, as follows.

Final Official Statement: The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District intends the Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of SEC Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are being or which will be made by the District are those described and contained in the Official Statement under the caption “PREPARATION OF OFFICIAL STATEMENT—Certification of Official Statement.”

Delivery of Official Statements: The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser) within seven (7) business days after the sale date, the aggregate number of Official Statements specified in the winning bid, not to exceed 250 copies. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential purchasers of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement specified in the winning bid and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

Continuing Disclosure of Information: The District will agree in the Bond Order to provide certain periodic information and notices of events and material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Initial Purchasers’ obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or their agent of a certified copy of the Bond Order containing the agreement described under such heading.

Substantive Requirements for Official Statement: To the best knowledge and belief of the District, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

GENERAL CONSIDERATIONS

Investment considerations: The Bonds involve certain investment considerations. Prospective bidders are urged to examine carefully the entire PRELIMINARY OFFICIAL STATEMENT, made a part hereof, with respect to the investment security of the Bonds. Particular attention should be given to the information set forth therein under the caption “INVESTMENT CONSIDERATIONS.”

Municipal Bond Insurance and Municipal Bond Rating: Application has been made to Moody’s Investors Service (“Moody’s”), for a municipal bond rating, and Moody’s has assigned an underlying rating of “A3” to the Bonds. Applications have also been made to municipal bond insurance companies for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser’s expense. The rating fees of Moody’s will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser. A downgrade of the insurer by any rating agency subsequent to submitting a bid with municipal bond insurance and before the closing of the transaction is not a material adverse change nor is it a basis for the Initial Purchaser to terminate its obligations to pay for the Bonds at closing. It should be noted that the state of the municipal bond insurance industry is under stress, which could result in downgrades of certain municipal bond insurers. Accordingly, investors should evaluate the underlying credit quality of the District.

Reservation of Rights: The District reserves the right to reject any and all bids and to waive any and all irregularities except time of filing.

Not an Offer to Sell: This OFFICIAL NOTICE OF SALE does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM.

Registration and Qualification of Bonds for Sale: The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder, and the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated 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. By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than the State of Texas will be made pursuant to exemptions from registration or qualification, or where necessary, the Initial Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

Additional Copies of Documents: Additional copies of this OFFICIAL NOTICE OF SALE, the PRELIMINARY OFFICIAL STATEMENT and the OFFICIAL BID FORM may be obtained from the Financial Advisor, Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046.

Mr. Arthur Donnelly
President, Board of Directors
Montgomery County Drainage District No. 10
Montgomery County, Texas

OFFICIAL BID FORM

President and Board of Directors
 Montgomery County Drainage District No. 10
 % Masterson Advisors LLC
 3 Greenway Plaza, Suite 1100
 Houston, Texas 77046

Board Members:

We have read in detail your OFFICIAL NOTICE OF SALE and accompanying PRELIMINARY OFFICIAL STATEMENT dated January 28, 2020, relating to the Montgomery County Drainage District No. 10 (the "District") \$4,070,000 Unlimited Tax Bonds, Series 2020 (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain investment risks, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$4,070,000, we will pay you a price of \$ _____, representing _____% of the principal amount, plus accrued interest to the date of delivery to us. Such Bonds mature September 1, in each of the years and in the principal amounts and interest rates shown below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 50,000	_____ %	2033	\$ 50,000 *	_____ %
2022	50,000	_____ %	2034	70,000 *	_____ %
2023	50,000	_____ %	2035	100,000 *	_____ %
2024	50,000	_____ %	2036	275,000 *	_____ %
2025	50,000	_____ %	2037	300,000 *	_____ %
2026	50,000 *	_____ %	2038	325,000 *	_____ %
2027	50,000 *	_____ %	2039	350,000 *	_____ %
2028	50,000 *	_____ %	2040	500,000 *	_____ %
2029	50,000 *	_____ %	2041	500,000 *	_____ %
2030	50,000 *	_____ %	2042	500,000 *	_____ %
2031	50,000 *	_____ %	2043	500,000 *	_____ %
2032	50,000 *	_____ %			

* Subject to optional redemption on September 1, 2025 and thereafter.

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

<u>Term Bond Maturity Date September 1</u>	<u>Year of First Mandatory Redemption</u>	<u>Principal Amount of Term Bond</u>	<u>Interest Rate</u>
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

Gross Interest Cost.....	\$ _____
Plus Dollar Amount of Discount (or Less: Dollar Amount of Premium)	\$ _____
NET INTEREST COST.....	\$ _____
NET EFFECTIVE INTEREST RATE	_____ %

The Initial Bond(s) shall be registered in the name of Cede & Co. as the nominee for the Depository Trust Company. We will advise The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the Paying Agent/Registrar, on forms to be provided by the Paying Agent/Registrar, of our registration instructions at least five (5) business days prior to the date set for Initial Delivery. We will not ask the Paying Agent/Registrar to accept any registration instructions after the five (5) day period.

The Bonds [are] [are not] being insured by _____ at a premium of \$ _____, said premium to be paid by the Initial Purchaser. The rating fees of Moody's Investors Service will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser.

A Cashier's Check payable to the order of the District in the amount of \$81,400 has been made available to you prior to the opening of this bid, as a Good Faith Deposit for disposition in accordance with the OFFICIAL NOTICE OF SALE made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the OFFICIAL NOTICE OF SALE, this check shall be cashed and the proceeds retained as complete liquidated damages against us.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the OFFICIAL NOTICE OF SALE, with such changes thereto as may be acceptable to the District.

The District may not accept this bid until it has received from the bidder a completed and signed TEC Form 1295 and Certification of Filing pursuant to Texas Government Code § 2252.908 and the rules promulgated thereunder by the Texas Ethics Commission (unless exempt). The undersigned understands that failure to provide said form and Certification of Filing will result in a non-conforming bid and will prohibit the District from considering this bid for acceptance.

The undersigned verifies that, pursuant to Chapter 2271, Texas Government Code, and solely for purposes relating to Chapter 2271, Texas Government Code, it does not boycott Israel and agrees it will not boycott Israel through the underwriting period described in SEC Rule 15c2-12(f)(2)⁽¹⁾. Additionally, pursuant to Chapter 2252, Texas Government Code, the undersigned certifies that it is not a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, and has not been identified as a company on a list prepared and maintained under Section 806.051, 807.051, or 2252.153, Texas Government Code⁽²⁾. The undersigned agrees to execute, at the request of District, further written certifications as may be necessary or convenient for District to establish compliance with these laws.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees, if the District receives fewer than three bids for the Bonds, that it will neither offer nor sell the Bonds of any maturity to any person at a price that is higher than the initial offering price to the public for the Bonds of that maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the 5th business day after the Sale Date, or (ii) the date on which the winning bidder has sold at least 10% of the Bonds of that maturity to the public at a price no higher than the initial offering price to the public. Masterson Advisors LLC, will advise the winning bidder of the number of bids received by the District on the Sale Date.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bonds in immediately available funds in The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, not later than 10:00 A.M., Houston Time, on March 27, 2020, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Bonds to complete and file the DTC Eligibility Questionnaire.

Respectfully submitted,

By: _____
Telephone Number: _____

Check this box to indicate that bidder is a publicly traded business entity (including a wholly owned subsidiary of the business entity) and is therefore exempt from the Interested Party Disclosure Act.

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Montgomery County Drainage District No. 10, this 25th day of February, 2020.

ATTEST:

Secretary, Board of Directors

President, Board of Directors

⁽¹⁾ For purposes of compliance with Chapter 2271 of the Texas Government Code, the term "Company" has the meaning assigned by Texas Government Code Section 808.001(2).

⁽²⁾ For purposes of compliance with Chapter 2252, Texas Government Code, the term "Company" has the meaning assigned by Texas Government Code Section 2270.0001(2).

Due: September 1, Annually
Dated: March 1, 2020

BOND YEARS

<u>Year</u>	<u>Principal</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2021	\$ 50,000	75.00	75.00
2022	50,000	125.00	200.00
2023	50,000	175.00	375.00
2024	50,000	225.00	600.00
2025	50,000	275.00	875.00
2026	50,000	325.00	1,200.00
2027	50,000	375.00	1,575.00
2028	50,000	425.00	2,000.00
2029	50,000	475.00	2,475.00
2030	50,000	525.00	3,000.00
2031	50,000	575.00	3,575.00
2032	50,000	625.00	4,200.00
2033	50,000	675.00	4,875.00
2034	70,000	1,015.00	5,890.00
2035	100,000	1,550.00	7,440.00
2036	275,000	4,537.50	11,977.50
2037	300,000	5,250.00	17,227.50
2038	325,000	6,012.50	23,240.00
2039	350,000	6,825.00	30,065.00
2040	500,000	10,250.00	40,315.00
2041	500,000	10,750.00	51,065.00
2042	500,000	11,250.00	62,315.00
2043	500,000	11,750.00	74,065.00
Total	<u>\$ 4,070,000</u>		
	Average Maturity	18.198	

ISSUE PRICE CERTIFICATE

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Montgomery County Drainage District No. 10 Unlimited Tax Bonds, Series 2020 issued by Montgomery County Drainage District No. 10 ("Issuer") in the principal amount of \$4,070,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

If at least three (3) qualified bids are received from underwriters

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Initial Purchaser are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

If less than three (3) qualified bids are received from underwriters

(a) [Other than the Bonds maturing in _____ ("Hold-the-Price Maturities"),] The first price at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Initial Purchaser ("Public") are the initial offering prices ("Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if there are Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each [maturity of the Bonds having the same credit and payment terms ("Maturity")][Maturity of the Hold-the-Price Maturities] at the initial offering prices for such Maturity ("Initial Offering Prices"), as set forth in Schedule A hereto. [A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.]

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a [at least ten percent ("Substantial Amount")][Substantial Amount] of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(Add to all competitive sales, regardless of number of bids)

For purposes of this Issue Price Certificate, the term "Initial Purchaser" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer [and the Borrower] with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Smith, Murdaugh, Little & Bonham, L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED this _____ day of _____, 2020.

Name of Initial Purchaser or Manager

By: _____

Title: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)