

**OFFICIAL NOTICE OF SALE**

**\$22,750,000**

**SAN LEON MUNICIPAL UTILITY DISTRICT  
(A Political Subdivision of the State of Texas Located in Galveston County, Texas)**

**UNLIMITED TAX BONDS, SERIES 2019**

**Selling: October 16, 2019 at 11:00 a.m., local time**

The Bonds are obligations solely of San Leon Municipal Utility District (the "District") and are not obligations of the State of Texas; Galveston County, Texas; Texas City, Texas; or any other political subdivision or agency.

**THE DISTRICT WILL NOT DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.**

**THE SALE**

**Bonds Offered for Sale at Competitive Bidding** . . . San Leon Municipal Utility District (the "District") is offering for sale \$22,750,000 Unlimited Tax Bonds, Series 2019 (the "Bonds").

**Place and Time of Bid Opening** . . . The District will open sealed bids for purchase of the Bonds at the designated meeting place within the boundaries of the District at the District's offices at 443 24<sup>th</sup> Street, San Leon, Texas 77539 on October 16, 2019 at 11:00 a.m., local time. The award of the Bonds will take place at the District's Board of Directors (the "Board") Meeting at 6:30 p.m., at 337 12<sup>th</sup> Street the same day.

**Award of Bonds** . . . The District will take action to award the Bonds or reject all bids at their Board Meeting at 6:30 p.m., on the day of the sale. Upon awarding the Bonds, the District will also adopt the order authorizing issuance of the Bonds (the "Bond Order") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. 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.

**Address of Bids/Bids Delivered in Person** . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to the Board of Directors of San Leon Municipal Utility District, and if delivered in person, delivered at the designated meeting place within the boundaries of the District, at the District's offices at 443 24<sup>th</sup> Street, San Leon, Texas, 77539 **by 11:00 a.m., local time**, on the date of the bid opening. All bids must be submitted on the "Official Bid Form" without alteration or interlineation. Copies of the Official Bid Form accompany the Preliminary Official Statement.

**Electronic Bidding Procedure** . . . Notice is hereby given that electronic proposals will be received via **PARITY**, in the manner described below, **until 11:00 a.m.**, local time, on October 16, 2019. Bids may be submitted electronically via **PARITY** pursuant to this Notice of Sale, **until 11:00 a.m. local time**, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice, the terms of this Notice shall control. For further information about **PARITY**, potential bidders may contact the financial advisor to the District or **PARITY** at (212) 849-5021.

**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.** All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

## THE BONDS

**Description of Bonds . . .** The Bonds will be dated November 1, 2019, and interest on the Bonds will be payable on March 1, 2019, and semiannually thereafter on each September 1 and March 1 (each an “Interest Payment Date”) until maturity or earlier redemption. The Bonds will be initially registered in the name of Cede & Co. as a single fully registered bond for the entire principal amount of the Bonds. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described in the PRELIMINARY OFFICIAL STATEMENT. No physical delivery of the Bonds will be made to the owners thereof. The initial paying agent/registrar (the “Paying Agent/Registrar”) is Zions Bancorporation National Association, Houston, Texas. Payment of the principal and semiannual interest shall be handled at the offices of the Paying Agent/Registrar in Houston, Texas. Principal and semi-annual interest will be paid to DTC on each applicable payment date. DTC will be responsible for distributing the amounts so paid to the beneficial owners of the Bonds. Interest on the Bonds will be payable by check or draft, dated as of the Interest Payment Date, and mailed on or before each Interest Payment Date by the Paying Agent/Registrar to each Bondholder of record as of the Record Date (as defined herein). The Bonds mature serially on September 1 in the years and amounts shown below.

<u>Principal Amount Maturing</u>	<u>Principal Year of Maturity</u>	<u>Amount Maturity</u>	<u>Year of Maturity</u>
\$520,000	2020	\$705,000	2035 (i)(ii)
355,000	2021	740,000	2036 (i)(ii)
375,000	2022	780,000	2037 (i)(ii)
395,000	2023	815,000	2038 (i)(ii)
415,000	2024	860,000	2039 (i)(ii)
435,000	2025	900,000	2040 (i)(ii)
455,000	2026	945,000	2041 (i)(ii)
480,000	2027 (i)(ii)	995,000	2042 (i)(ii)
500,000	2028 (i)(ii)	1,045,000	2043 (i)(ii)
525,000	2029 (i)(ii)	1,095,000	2044 (i)(ii)
555,000	2030 (i)(ii)	1,150,000	2045 (i)(ii)
580,000	2031 (i)(ii)	1,210,000	2046 (i)(ii)
610,000	2032 (i)(ii)	1,270,000	2047 (i)(ii)
640,000	2033 (i)(ii)	1,330,000	2048 (i)(ii)
670,000	2034 (i)(ii)	1,400,000	2049 (i)(ii)

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- (i) The District reserves the right to redeem prior to maturity those Bonds maturing on September 1 in each of the years 2027 through 2049, both inclusive, in whole or from time to time in part on September 1, 2026, or any date thereafter, in integral multiples of \$5,000 at a price of par plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the particular Bonds thereof shall be selected and designated by the District, and if less than all of the Bonds within a maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar by random method as the Paying Agent/Registrar deems fair and appropriate.
- (ii) Of such principal maturities set forth above, the bidder has the option to create term bonds as reflected on the bid form.

**Source of Payment . . .** The Bonds, when issued, will constitute valid and binding obligations of the District payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax levied against taxable property located within the District, without legal limitation as to rate or amount, as described in the Preliminary Official Statement.

**Other Terms and Covenants . . .** Other terms of the Bonds and various covenants of the District contained in the Bond Order under which the Bonds are to be issued are described in the Preliminary Official Statement, to which reference is made for all purposes.

**Book-Entry-Only System . . .** The District intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

**Municipal Bond Rating and Bond Insurance . . .** On September 24, 2019 Moody’s released a rating of A3 on the District’s Series 2019 bonds. The District has also made application to two bond insurance companies for a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds. The premium for such insurance and any associated rating fees will be paid by the Initial Purchaser. The purchase of insurance by the initial purchaser is at bidder’s option and bidder’s risk.

## CONDITIONS OF SALE

**Types of Bids and Interest Rates** . . . The Bonds will be sold in one block, on an all or none basis, and no bid of less than 97% of par value plus accrued interest to the date fixed for delivery will be accepted. The net effective interest rate must not exceed 5.16% pursuant to an Order of the Texas Commission on Environmental Quality. Bidders must specify the rate or rates of interest the Bonds will bear, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used and the highest interest rate bid may not exceed the lowest interest rate bid by more than 3% in rate. 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 total interest cost of each bid will be computed by determining, at the rate or rates specified, 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 deducting there from the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest interest cost to the District. In the event of mathematical discrepancies between the interest rates and the interest costs determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

**Good Faith Deposit** . . . Each bid must be accompanied by a bank cashier's check payable to the order of “San Leon Municipal Utility District” in the amount of \$455,000, which is 2% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the “Initial Purchaser”) will be retained un-cashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser un-cashed. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid, then the check will be cashed and accepted by the District as full and complete liquidated damages. Such check 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, which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded.

### **ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:**

**Obligation of the District to Receive Information from Initial Purchaser** . . . Pursuant to Texas Government Code, Section 2252.908 (the “Interested Party Disclosure Act”), the District may not award the Bonds to a bidder unless the bidder either: (a) submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the District as prescribed by the Texas Ethics Commission (“TEC”), or (b) represents to the District by marking the appropriate check box on the signature page of the Official Bid Form that the bidder is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (the “Publicly Traded Entity Representation”). In the event that the bidder’s bid for the Bonds is the best bid received and the bidder does not provide the Publicly Traded Entity Representation, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the materials described below.

**Process for Completing the Disclosure Form** . . . The Disclosure Form can be found at [https://www.ethics.state.tx.ris/whalsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.ris/whalsnew/elf_info_form1295.htm) and reference should be made to the following information to complete it: (a) item 2 — San Leon Municipal Utility District, Texas (b) item 3 — (identification number assigned to this contract) “Unlimited Tax Bonds, Series 2019 - Award” and (c) item 3 — (description of goods or services) Initial Purchaser of Bonds.

If the bidder doesn’t provide the Publicly Traded Entity Representation, the District cannot accept your bid unless and until you: (i) complete the Disclosure Form electronically at the TEC’s “electronic portal”, and (ii) print, sign and deliver a copy of the Disclosure Form that is generated by the TEC’s “electronic portal.” These materials must be delivered electronically to the District’s Bond Counsel at [joann@bwmtx.com](mailto:joann@bwmtx.com) and Financial Advisor at [clane@samcocapital.com](mailto:clane@samcocapital.com) no later than 4:00p.m. (CDT) on the bid due date.

If the Disclosure Form is required, time will be of the essence in submitting the form to the District, and no bid will be accepted by the District unless a completed Disclosure Form is received on time. If multiple entities are listed on the winning Official Bid Form and the Publicly Traded Entity Representation is not provided, each such entity will be required to submit a Disclosure Form to the District.

Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. 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 conditional winning bid.

**Selection of Alternate Winning Bid...**If the apparent winning bidder fails to promptly file the Disclosure Form, the District reserves the right to reject such bid and, through its financial advisor, provide conditional verbal acceptance to the bidder submitting a bid, conforming to the specifications herein, which produces the next, lowest Net Effective Interest Cost rate to the District.

**Impact of Bidding Syndicate on Award...**For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

**Purchase of Insurance . . .**The District has made application to several bond insurance companies for a guaranty insurance policy insuring timely payment of the principal and interest on the Bonds. **Purchase of insurance by the Initial Purchaser is at the bidder's option and bidder's risk, including the payment of premium for such insurance and any associated rating fees.**

**Iran, Sudan and Foreign Terrorist Organizations. . .** The District may not award the Bonds to a bidder unless the bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation will be made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

**Anti-Boycott Verification . . .** The District may not award the Bonds to a bidder unless the bidder verifies that it and its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent the winning bid is a contract for goods or services, will not boycott Israel so long as bidder owns any of the Bonds. The foregoing verification will be made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, '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. The winning bidder understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the winning bidder and exists to make a profit.

#### OFFICIAL STATEMENT

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC").

**Final Official Statement . . .** The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds but will not prepare any other document or version for such purpose, except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. 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. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. 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 represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT - Certification as to Official Statement."

**Changes to Official Statement During Underwriting Period** . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement, which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as, described below. See “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule 15c2-12), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional 25 days after all the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule 15c2-12.

**Delivery of Official Statements** . . . The District will furnish to the Initial Purchaser (and to each other 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 requested but not in excess of 50 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 90th day after the end of the underwriting period referred to in SEC Rule 15c2-12(e)(2). The District will pay the expense of preparing up to 100 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

**Rule G-36 Requirements** . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the “Official Statement” along with two complete Form G-36's to the appropriate address.

## **DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS**

**Delivery** . . . The Bonds will be tendered to the Initial Purchaser as a single typewritten, photocopied or otherwise reproduced bond in fully registered form in the aggregate principal amount of \$22,750,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, manually signed by the President and Secretary of the Board of Directors, or executed by the facsimile signatures of the President and Secretary of the Board of Directors, and approved by the Attorney General of the State of Texas and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Bond, it shall be immediately canceled and one definitive Bond for each maturity will be registered to Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Initial delivery will be at the designated office for payment of the Paying Agent 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 five (5) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about November 20, 2019, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds no later than 10:00 a.m., local time on November 20, 2019 or thereafter on the date the Bonds are tendered for delivery up to and including December 4, 2019. If for any reason the District is unable to make delivery on or before December 4, 2019, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within five (5) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

**CUSIP Numbers** . . . It is anticipated that CUSIP identification numbers will be printed or otherwise reproduced on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause of a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

**Conditions to Delivery** . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas, the legal opinion of Baker Williams Matthiesen LLP and Reid, Strickland & Gillette, LLP, Co-Bond Counsel (collectively, "Bond Counsel") and Orrick, Herrington & Sutcliffe LLP, Houston, Texas ("Tax Counsel"), the no-litigation certificate, as described below, and the non-occurrence of the events described below under "No Material Adverse Change". In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**Legal Opinions** . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of a continual direct annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of Baker Williams Matthiesen LLP and Reid, Strickland & Gillette, LLP, Co-Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally 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, and (2) 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 (3) the District will also furnish an opinion of Tax Counsel to the effect that pursuant to the Internal Revenue Code of 1986, (the "Code") then in effect and existing law and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds will be excludable from gross income, and will not be subject to the alternative minimum tax on individuals for federal income tax purposes. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel or Tax Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

**Certification of Issue Price** . . . In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, 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 as to the "issue price" of the Bonds substantially in the form accompanying this "Notice of Sale" of the Bonds. In the event the successful bidder will not re-offer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District and Bond Counsel. 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. In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.

**Competitive Bidding and Certificate Regarding 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 District will treat (i) the first price at which 10 percent of a maturity of the Bonds is sold to the public as the issue price of that maturity (the "10 percent rule") or (b) if the Underwriter has agreed in writing not to sell or offer certain maturities of the Bonds at a price higher than the initial offering price for such maturities for a period of five business days after the sale date, the initial offering price to the public as of the sale date of such maturities of the Bonds is the issue price of that maturity (the "hold the price rule"). With respect to the maturities of the Bonds that are subject to the 10 percent rule, if the 10 percent rule has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to SAMCO Capital Markets, Inc., the prices at which it sells Bonds of that maturity to the public. This reporting obligation shall continue, whether or not the Bonds have been delivered, until the 10 percent rule has been satisfied. Alternative versions of the Certificate Regarding Issue Price 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.

**No Material Adverse Change** . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the District from those set forth in or contemplated by the "Preliminary Official Statement" as it may have been supplemented or amended through the date of sale.

**No-Litigation Certificate** . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, to the effect that to the best of the District's knowledge no litigation of any nature is pending or, to the best of the certifying officers' knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers and directors of the District.

## **CONTINUING DISCLOSURE AGREEMENT**

The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's (s) or its (their) agent's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser of a certified copy of the Bond Order containing the agreement described under such heading.

## **GENERAL CONSIDERATIONS**

**Future Registration** . . . In the event that the Book-Entry-Only System should be discontinued the Bonds may be transferred, registered and exchanged on the registration books of the Paying Agent/Registrar, and such registration shall be at the expense of the District though the District or Paying Agent/Registrar may require payment by an owner of the Bonds requesting a transfer or exchange of Bonds of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Bond. A Bond may be transferred or exchanged upon surrender to the Paying Agent/Registrar accompanied by a written instrument of transfer acceptable to the Paying Agent/Registrar duly executed by the Bondholder or his attorney duly authorized in writing. Upon surrender for transfer of any Bond to the Paying Agent/Registrar, the District shall execute and the Paying Agent/Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same stated maturity and of any authorized denomination, and of a like aggregate principal amount.

**Record Date** . . . The record date ("Record Date") for the interest payable on any Interest Payment Date means the 15th calendar day of the month next preceding such Interest Payment Date.

**Record Date for Bonds to be Redeemed** . . . Neither the District nor the Paying Agent/Registrar shall be required (1) to issue, transfer, or exchange any Bond 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 on interest payment date, or (2) to transfer or exchange, in whole or in part, any Bond or any portion thereof selected for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

**Investment Considerations** . . . The Bonds involve certain investment considerations and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the investment considerations associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

**Municipal Bond Rating and Insurance**... The District has made application to Moody's Investors Service for a municipal bond rating in connection with the Bonds. The District has also made application to a bond insurance company for a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds. The premium for such insurance and any associated rating fees will be paid by the Initial Purchaser. The purchase of insurance by the initial purchaser is at bidder's option and bidder's risk.

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 organization, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if, in the judgment 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.

**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 Under Securities Laws** . . . The offer and sale of the Bonds have not been registered or qualified 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 or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, 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 a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service or process in any jurisdiction.

**Copies of Documents** . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of SAMCO Capital Markets, Inc. 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731, Financial Advisor to the District.

Joe Manchaca, President  
Board of Directors  
San Leon Municipal Utility District

September 18, 2019



**OFFICIAL BID FORM**

President and Board of Directors  
 San Leon Municipal Utility District  
 443 24<sup>th</sup> Street  
 San Leon, Texas 77539

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of San Leon Municipal Utility District (the "District") relating to its \$22,750,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"), which by reference are made a part hereof. We recognize the special investment considerations involved in these securities and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Order, the Official Notice of Sale and the Preliminary Official Statement, for a cash price of \$\_\_\_\_\_ (which represents \_\_\_\_\_% of par value) plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds mature September 1 and bear interest in each year at the following rates:

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Mandatory Sinking Fund Installment</u>	<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Mandatory Sinking Fund Installment</u>
2020	\$ 520,000	_____	_____	2035 (i)(ii)	\$705,000	_____	_____
2021	355,000	_____	_____	2036 (i)(ii)	740,000	_____	_____
2022	375,000	_____	_____	2037 (i)(ii)	780,000	_____	_____
2023	395,000	_____	_____	2038 (i)(ii)	815,000	_____	_____
2024	415,000	_____	_____	2039 (i)(ii)	860,000	_____	_____
2025	435,000	_____	_____	2040 (i)(ii)	900,000	_____	_____
2026	455,000	_____	_____	2041 (i)(ii)	945,000	_____	_____
2027 (i)(ii)	480,000	_____	_____	2042 (i)(ii)	995,000	_____	_____
2028 (i)(ii)	500,000	_____	_____	2043 (i)(ii)	1,045,000	_____	_____
2029 (i)(ii)	525,000	_____	_____	3044 (i)(ii)	1,095,000	_____	_____
2030 (i)(ii)	555,000	_____	_____	2045 (i)(ii)	1,150,000	_____	_____
2031 (i)(ii)	580,000	_____	_____	2046 (i)(ii)	1,210,000	_____	_____
2032 (i)(ii)	610,000	_____	_____	2047 (i)(ii)	1,270,000	_____	_____
2033 (i)(ii)	640,000	_____	_____	2048 (i)(ii)	1,330,000	_____	_____
2034 (i)(ii)	670,000	_____	_____	2049 (i)(ii)	1,400,000	_____	_____

- (i) The District reserves the right to redeem, prior to maturity, those Bonds maturing September 1, 2027 through 2049, both inclusive, in whole or from time to time in part on September 1, 2026 and 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.
- (ii) Of such principal maturities set forth above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond, or no term bonds 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. The term bonds created are as follows.

<u>Term Bonds Maturity Date (September 1)</u>	<u>Year of First Maturity Redemption</u>	<u>Principal Amount of Term Bonds</u>	<u>Interest Rate</u>
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %

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

Total Interest Cost.....	\$ _____
Plus: Cash Discount.....	\$ _____
Net Interest Cost .....	\$ _____
Net Effective Interest Rate .....	_____ %

The initial bond shall be registered in the name of Cede & Co. We will advise the office for payment of Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent"), on forms to be provided by the Paying Agent, of our registration instructions at least five (5) business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Paying Agent to accept any registration instructions after the five (5) day period for delivery of Bonds on the closing date.

We are having all maturities of the Bonds insured by \_\_\_\_\_, at a premium of \$ \_\_\_\_\_, said premium to be paid by the Initial Purchaser. Any fees to be paid to the rating agencies as a result of such insurance will be paid by the Initial Purchaser.

Cashier's Check No. \_\_\_\_\_, issued by \_\_\_\_\_, \_\_\_\_\_, Texas and payable to your order in the amount of \$455,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us. We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

The bidder represents that that neither it nor any of its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

The bidder represents that it and its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent the winning bid is a contract for goods or services, will not boycott Israel so long as bidder owns any of the Bonds. The foregoing verification will be made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, '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. The winning bidder understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the winning bidder and exists to make a profit.

The undersigned agrees to complete, execute, and deliver to the District, at least six (6) business days prior to the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees to provide in writing the initial reoffering prices and other terms, if any, to SAMCO Capital Markets, Inc. by the close of the next business day after the award.

**Entity Submitting Bid - Check One:**

\_\_\_\_\_ Disclosure Form - Entity will provide a Disclosure Form as and when required by the Notice of Sale and Bidding Instructions.

\_\_\_\_\_ Publicly Traded Entity Representation - The entity hereby represents to the District that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

(Syndicate members, if any)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Respectfully submitted,

\_\_\_\_\_

By: \_\_\_\_\_

Authorized Representative

Phone Number: \_\_\_\_\_

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby accepted by San Leon Municipal Utility District this \_\_\_\_\_ day  
of \_\_\_\_\_, 2019.

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

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**\$22,750,000**  
**SAN LEON MUNICIPAL UTILITY DISTRICT**  
**(A Political Subdivision of the State of Texas Located in Galveston County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2019**

CERTIFICATE REGARDING ISSUE PRICE – COMPETITIVE BIDDING REQUIREMENTS MET

The undersigned hereby certifies as follows with respect to the sale of the San Leon Municipal Utility District Unlimited Tax Bonds, Series 2019 (the “Bonds”):

The undersigned is the underwriter or the manager of the syndicate of underwriters (the “Underwriter”) that has purchased the Bonds from San Leon Municipal Utility District (the “District”) at competitive sale.

2. The Underwriter was not given the opportunity to review other bids prior to submitting its bid, and the bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

3. As of the sale date, the reasonably expected initial offering prices of the Bonds to the public by the Underwriter (expressed as a percentage of principal amount and exclusive of accrued interest) is as set forth below:

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>
\$520,000	2020	_____	\$ 705,000	2035	_____
355,000	2021	_____	740,000	2036	_____
375,000	2022	_____	780,000	2037	_____
395,000	2023	_____	815,000	2038	_____
415,000	2024	_____	860,000	2039	_____
435,000	2025	_____	900,000	2040	_____
455,000	2026	_____	945,000	2041	_____
480,000	2027	_____	995,000	2042	_____
500,000	2028	_____	1,045,000	2043	_____
525,000	2029	_____	1,095,000	2044	_____
555,000	2030	_____	1,150,000	2045	_____
580,000	2031	_____	1,210,000	2046	_____
610,000	2032	_____	1,270,000	2047	_____
640,000	2033	_____	1,330,000	2048	_____
670,000	2034	_____	1,400,000	2049	_____

4. The Underwriter [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the “Insurer”) for a fee of \$ \_\_\_\_\_ (net of any non-guarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

5. The term “public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A “related party” generally means two

or more persons with greater than 50 percent common ownership, directly or indirectly. "Maturity" means bonds with the same credit and payment terms. Bonds with different maturity dates, or bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

6. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is \_\_\_\_\_.

7. The undersigned understands that the statements made herein will be relied upon by the District and Special Tax Counsel in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED AND DELIVERED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
(Name of Underwriter or Manager)

By \_\_\_\_\_

Title \_\_\_\_\_

**CERTIFICATE REGARDING ISSUE PRICE – COMPETITIVE BIDDING REQUIREMENTS NOT MET**

The undersigned hereby certifies as follows with respect to the sale of the San Leon Municipal Utility District Unlimited Tax Bonds, Series 2019 (the “Bonds”):

1. The undersigned is the underwriter or the manager of the syndicate of underwriters (the “Underwriter”) that has purchased the Bonds from San Leon Municipal Utility District (the “District”).

2. As of the date of this Certificate, for each of the following maturities (the “Sold Maturities”), the first price at which a substantial amount (at least ten percent) of such maturity was sold to the public (expressed as a percentage of principal amount and exclusive of accrued interest) is set forth below:

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>
\$520,000	2020	_____	\$705,000	2035	_____
355,000	2021	_____	740,000	2036	_____
375,000	2022	_____	780,000	2037	_____
395,000	2023	_____	815,000	2038	_____
415,000	2024	_____	860,000	2039	_____
435,000	2025	_____	900,000	2040	_____
455,000	2026	_____	945,000	2041	_____
480,000	2027	_____	995,000	2042	_____
500,000	2028	_____	1,045,000	2043	_____
525,000	2029	_____	1,095,000	2044	_____
555,000	2030	_____	1,150,000	2045	_____
580,000	2031	_____	1,210,000	2046	_____
610,000	2032	_____	1,270,000	2047	_____
640,000	2033	_____	1,330,000	2048	_____
670,000	2034	_____	1,400,000	2049	_____

3. As of the sale date for the Bonds, each of the following maturities (the “Unsold Maturities”) was offered to the public for purchase at the price (expressed as a percentage of principal amount and exclusive of accrued interest) set forth below:

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Issue Price</u>
\$520,000	2020	_____	\$705,000	2035	_____
355,000	2021	_____	740,000	2036	_____
375,000	2022	_____	780,000	2037	_____
395,000	2023	_____	815,000	2038	_____
415,000	2024	_____	860,000	2039	_____
435,000	2025	_____	900,000	2040	_____
455,000	2026	_____	945,000	2041	_____
480,000	2027	_____	995,000	2042	_____
500,000	2028	_____	1,045,000	2043	_____
525,000	2029	_____	1,095,000	2044	_____
555,000	2030	_____	1,150,000	2045	_____
580,000	2031	_____	1,210,000	2046	_____
610,000	2032	_____	1,270,000	2047	_____
640,000	2033	_____	1,330,000	2048	_____
670,000	2034	_____	1,400,000	2049	_____

4. As set forth in the Notice of Sale, the Underwriter has agreed in writing that, for each of the Unsold Maturities, the Underwriter would neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial offering price for each maturity, as set forth in the pricing wire or equivalent communication for the Bonds attached to this Certificate, during the Offering Period for such maturity, nor would the Underwriter permit a related party to do so. Pursuant to such agreement, the Underwriter has neither offered nor sold any of the Unsold Maturities at a price higher than the respective initial offering price for that maturity of the Bonds during the Offering Period.

5. The Underwriter [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$ \_\_\_\_\_ (net of any non-guarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

6. The term "public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A "related party" generally means two or more persons with greater than 50 percent common ownership, directly or indirectly. "Maturity" means bonds with the same credit and payment terms. Bonds with different maturity dates, or bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

7. The term "sale date" means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is \_\_\_\_\_.

8. The term "Offering Period" means, with respect to an Unsold Maturity, the period beginning on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date or (b) the date on which the Underwriter has sold at least 10 percent of such Unsold Maturity to the public at a price that is no higher than the initial offering price for such Unsold Maturity.

9. The undersigned understands that the statements made herein will be relied upon by the District and Special Tax Counsel complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED AND DELIVERED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
(Name of Underwriter or Manager)

By \_\_\_\_\_

Title \_\_\_\_\_