

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

\$16,480,000

**ALIEF INDEPENDENT SCHOOL DISTRICT
(Harris County, Texas)**

**UNLIMITED TAX QUALIFIED SCHOOL CONSTRUCTION BONDS, TAXABLE SERIES 2010
(DIRECT PAY TO ISSUER)**

Sealed Bids Due May 18, 2010, at 11:00 a.m., CDT

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING: The Alief Independent School District (the "District"), is offering for sale its \$16,480,000 Unlimited Tax Qualified School Construction Bonds, Taxable Series 2010 (Direct Pay to Issuer) (the "Bonds"). **An application has been filed with the Texas Education Agency and preliminary approval has been received for the Bonds to be guaranteed by the Permanent School Fund. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" in the Official Statement.)**

ADDRESS OF BIDS: Sealed bids, plainly marked "Bid for Bonds," should be addressed to "President and Board of Trustees, Alief Independent School District," and delivered to the Superintendent, Louis Stoerner, 12302 High Star Drive, Houston, Texas 77072 prior to 11:00 a.m., CDT, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

BIDS BY TELEPHONE: Bidders must submit, prior to May 18, 2010, signed Official Bid Forms to Lewis A. Wilks, Coastal Securities, Inc., 5555 San Felipe, Suite 2200, Houston, Texas, 77056, and submit their bid by telephone on the date of the sale. **Telephone bids will be accepted at 713-435-4336, between 10:30 a.m. CDT and 11:00 a.m. CDT on the date of the sale.** Coastal Securities, Inc. will not be responsible for submitting any bids received after the deadline.

BIDS BY FACSIMILE: Bidders must submit, prior to May 18, 2010, signed Official Bid Forms to Lewis A. Wilks, Coastal Securities, Inc., 5555 San Felipe, Suite 2200, Houston, Texas, 77056, and submit their bid by facsimile on the date of the sale. **Facsimile bids will be accepted at 713-435-4448 between 10:30 a.m. CDT and 11:00 a.m. CDT on the date of the sale.** Coastal Securities, Inc. will not be responsible for submitting any bids received after the deadline.

ELECTRONIC BIDDING PROCEDURE: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via PARITY ("PARITY"). Bidders **MUST SUBMIT PRIOR TO MAY 18, 2010 SIGNED** Official Bid Forms to Lewis A. Wilks, Coastal Securities, Inc., 5555 San Felipe Suite 2200, Houston, Texas 77056. **Electronic bids will be accepted via the electronic media described below by 11:00 a.m. CDT on the date of the sale. Any bid received after the scheduled time for receipt will not be accepted.**

The official time for the receipt of electronic bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of the Notice of Sale and Bidding Instructions, Official Bid Form and the Preliminary Official Statement of even date herewith. To the extent that any instructions or directions set forth in PARITY conflict with this Notice of Sale and Bidding Instructions, the terms of this Notice of Sale and Bidding Instructions shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 806-8304.

An electronic bid made through PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed and 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 PARITY, the use of such facilities being at the sole risk of the prospective bidder.

PLACE AND TIME OF BID OPENING: The bids for the Bonds will be publicly opened and read in the Board Meeting Room of the District at 6:30 p.m., CDT, May 18, 2010.

AWARD OF THE BONDS: The Board of Trustees will take action to award the Bonds (or reject all bids) at a regular meeting to commence at 6:30 p.m., CDT, on the date of the bid opening, and adopt an order authorizing the Bonds and approving the Official Statement (the "Order").

THE BONDS

DESCRIPTION: The Bonds are dated June 1, 2010. However, interest on the Bonds will accrue from their date of delivery to the Purchaser thereof and will be payable on each February 15 and August 15 thereafter until maturity, commencing February 15, 2011. **The Bonds are to mature on February 15, 2027.** The Bonds are issued in denominations of \$5,000 and any multiple thereof (the “Authorized Denomination”). Interest on the Bonds is not exempt from federal income tax.

BOOK-ENTRY-ONLY SYSTEM: 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 Official Statement.)

DESIGNATION OF BONDS AS QUALIFIED SCHOOL CONSTRUCTION BONDS: The District expects to designate the Bonds as “qualified school construction bonds” (“Qualified School Construction Bonds”) pursuant to Section 54F(a)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). An issuer of Qualified School Construction Bonds must receive an allocation of the national qualified school construction bond limitation. The State received an allocation of \$538,585,000 from the United States Department of the Treasury, and the Texas Education Agency (the “TEA”) is responsible for further allocating such funds to issuers within the State. The District submitted an application to the TEA and received an allocation sufficient for the issuance of the Bonds.

The District also expects to designate the Bonds as “specified tax credit bonds” pursuant to of Section 6431(f)(2)(B) of the Code. Therefore, the District will be eligible to receive a cash subsidy from the United States Treasury in connection with the Bonds. Pursuant to Section 6431 of the Code, the District expects to receive cash subsidy payments (the “Federal Subsidy”) from the United States Treasury equal to the lesser of (i) 100% of the interest payable on an interest payment date or (ii) the amount of interest which would have been payable under such Bond on such date if such interest were determined at the applicable credit rate determined under section 54A(b)(3) with respect to such Bond. **The Federal Subsidy received by the District will not be pledged to the payment of the Bonds and may be used for any lawful purpose of the District, including but not limited to, the payment of the debt service on the Bonds.** No holder of the Bonds will be entitled to a tax credit with respect to the Bonds.

Although the District expects to receive the Federal Subsidy contemporaneously with each applicable interest payment date of the Bonds, the District anticipates that until the subsidy program is fully implemented there may be a delay in the receipt of the payments. Accordingly, the District has covenanted and is prepared to levy ad valorem taxes for the full amount of debt service payments.

The receipt of the Federal Subsidy is subject to certain requirements, including the filing of a form with the Internal Revenue Service (the “IRS”) prior to each interest payment date. The Federal Subsidy does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the Code.

RESERVE FUND DEPOSIT ACCOUNT: The District will create a Reserve Fund Deposit Account within the Debt Service Fund. On February 15 in each year the District will deposit such amounts therein (established at approximately \$970,000 per year), which, when combined with any interest earnings thereon, will cause the balance in the Reserve Fund Deposit Account to equal the amounts set forth below:

<u>Date</u>	<u>Deposit Amount</u>	<u>Cumulative Balance</u>
2011	\$ 960,000	\$ 960,000 ⁽¹⁾
2012	970,000	1,930,000 ⁽¹⁾
2013	970,000	2,900,000 ⁽¹⁾
2014	970,000	3,870,000 ⁽¹⁾
2015	970,000	4,840,000 ⁽¹⁾
2016	970,000	5,810,000 ⁽¹⁾
2017	970,000	6,780,000 ⁽¹⁾
2018	970,000	7,750,000 ⁽¹⁾
2019	970,000	8,720,000 ⁽¹⁾
2020	970,000	9,690,000 ⁽¹⁾
2021	970,000	10,660,000 ⁽¹⁾
2022	970,000	11,630,000 ⁽¹⁾
2023	970,000	12,600,000 ⁽¹⁾
2024	970,000	13,570,000 ⁽¹⁾
2025	970,000	14,540,000 ⁽¹⁾
2026	970,000	15,510,000 ⁽¹⁾
2027	970,000	16,480,000 ⁽¹⁾⁽²⁾

(1) Investment earnings on the balance in the Reserve Fund Deposit Account accrued during the prior year will be credited against the amount the District would otherwise be required to deposit hereunder.

(2) Represents final maturity date of the Bonds, at which time the Reserve Fund Deposits (as defined in the Order and set forth above) will be used to repay Bonds.

Amounts deposited to the Reserve Fund Deposit Account will be used to (i) pay all or a portion of the redemption price of the Bonds upon an optional redemption or special mandatory redemption or to (ii) repay the Bonds at maturity.

REDEMPTION:

Optional Redemption: The District reserves the right, at its option, to redeem Bonds in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2020, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Special Mandatory Redemption due to unexpended proceeds... To the extent that 100% of the “Available Project Proceeds” (as defined herein) are not expended for “Qualified Purposes” (as defined herein) by the close of the 3-year period beginning on the date of delivery of the Bonds (or if an extension of such expenditure period has been received by the District from the Secretary of the Treasury (the “Secretary”), by the close of the extended period), the District shall redeem an amount of Bonds equal to such unexpended proceeds (rounded up to the next highest authorized denomination) within 90 days after the end of such period, at a redemption price equal to the principal amount thereof, plus any accrued but unpaid interest on the Bonds to the date fixed for redemption, payable from such unexpended proceeds of sale of the Bonds held by the District.

Extraordinary Redemption due to loss of Qualified School Construction Bond Status ...Prior to February 15, 2020, upon a Determination of a Loss of Qualified School Construction Bond Status, the Bonds are subject to extraordinary redemption prior to their maturity date, at the option of the District, in whole, on the date designated by the District, at a redemption price equal to the greater of:

- (1) the principal amount of the Bonds to be redeemed; or
- (2) the sum of the present value of (i) the remaining scheduled payments of principal and interest prior to February 15, 2021, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus accrued and unpaid interest on the Bonds to be redeemed to the redemption date, and (ii) the present value of the remaining principal subject to optional call on February 15, 2020, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points.

The term “Qualified Purpose” means the construction, rehabilitation, or repair of a public school facility or the acquisition of land on which such a facility is to be constructed with part of the proceeds of the Bonds.

The term “Available Project Proceeds” means the proceeds from the sale of the bonds, less costs of issuance, plus investment earnings on the proceeds of such bonds pending their expenditure.

The term “Date of Loss of Qualified School Construction Bond Status” means the date specified in a Determination of a Loss of Qualified School Construction Bond Status as the date from and after which the Bonds lost their status, or failed to qualify, as Qualified School Construction Bonds as a result of an Accountable Event of Loss of Qualified School Construction Bond Status (defined below), which date could be as early as the date of issuance of the Bonds.

The term “Determination of a Loss of Qualified School Construction Bond Status” means (a) a final determination by the IRS (after the District has exhausted all administrative appeal remedies and has determined not to pursue and remedies in a court of competent jurisdiction) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status, or (b) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond status has occurred.

The term “Accountable Event of Loss of Qualified School Construction Bond Status” means (a) any act or any failure to act on the part of the District, which act or failure to act is a breach of a covenant or agreement of the District contained in the Resolution, the Paying Agent/Registrar Agreement, or the Bonds and which act or failure to act causes the Bonds to lose their status, or fail to qualify, as Qualified School Construction Bonds, or (b) the making by the District of any representation contained in the Resolution, the Paying Agent/Registrar Agreement, the Federal Tax Certificate, or the Bonds, which representation was untrue when made and the untruth of which representation at such time causes the Bonds to lose their status, or fail to qualify, as Qualified School Construction Bonds under the Code.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. At the request of the Paying Agent/Registrar, the make-whole optional redemption price of the Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the District at the District’s expense to calculate such redemption price. The Paying Agent/Registrar and the District may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (See “THE BONDS -Paying Agent/Registrar” in the Official Statement).

SOURCE OF PAYMENT: The Bonds are direct and voted obligations of the District, with the principal thereof and interest thereon payable from the proceeds of a continuing ad valorem tax levied, without limit as to rate or amount, on all taxable property located within the District as provided in the Order (see “THE BONDS – Security and Source of Payment” and “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS” in the Official Statement). Additionally, the payment of the Bonds is guaranteed by the Permanent School Fund of the State of Texas. (See “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” in the Official Statement.)

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES: The Bonds will be sold based on the following terms and conditions:

1. All bids must be submitted on the Official Bid Form enclosed herewith without change. The Bonds will be sold in one block on an “all or none” basis.
2. The minimum bid the Bonds shall not be less than \$16,397,600 (99.50% of par) or more than \$16,595,000 (par plus a cash premium not to exceed \$115,000). No bid producing a cash premium greater than \$115,000 will be considered.
3. **The interest rate for the Bonds shall not exceed the federal tax credit rate established by the United States Treasury Bureau of Public Debt on May 18, 2010.** Bidders shall specify the annual rate of interest to be borne by the Bonds for which a bid is submitted, which shall be in multiples of 1/8 or 1/20 of 1%. No bid will be accepted for the purchase of less than all of the Bonds previously described. On delivery of the Bonds, payment of the amount due must be made by the successful bidder to the order of the District in immediately available federal funds or by such other means as may be acceptable to the District. Any expense of providing immediately available funds shall be borne by the bidder.

BASIS FOR AWARD: The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest true interest cost rate to the District. The true interest cost rate is that annual rate which, when used to compute the total present value as of the Dated Date of the Bonds of all debt service payments on the Bonds on the basis of semi-annual compounding, using a 360-day year composed of 12 consecutive 30-day months, produces an amount equal to the sum of the par value of the Bonds plus any premium bid (but not interest accrued from the Dated Date of the Bonds to the date of their delivery). In the event of the bidder’s error in interest cost calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT: A Good Faith Deposit, payable to the “Alief Independent School District,” in the amount of \$329,600, is required. Such Good Faith Deposit shall be a bank cashier’s check or certified check, which is to be retained uncashed by the District pending the Purchaser’s compliance with the terms of the bid and this Notice of Sale and Bidding Instructions. 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 drawn which authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser upon payment for the Bonds.** No interest will be allowed on the Good Faith Deposit. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with the bid, then said check shall be cashed and accepted by the District as full and complete liquidated damages. The checks 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.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS: It is anticipated that a CUSIP identification number will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the District; provided, however, that the CUSIP Service Bureau charge for assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser.

DELIVERY OF BONDS: Delivery will be accomplished by the issuance of one Initial Bond, either in typed or printed form, in the total aggregate principal amount of \$16,480,000, signed by the President and Secretary of the Board of Trustees, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bond, such Initial Bond shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede and Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the office of the Paying Agent/Registrar in Dallas, 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 Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about June 16, 2010 and it is understood and agreed that the Purchaser will accept delivery and make payment for the Bonds by 10:00 a.m., CDT on June 16, 2010 or thereafter on the date the Bonds are tendered for delivery, up to and including July 16, 2010. If for any reason the District is unable to make delivery on or before July 16, 2010, the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances reasonably beyond the District's control.

CONDITIONS TO DELIVERY: The obligation of the Purchaser to take up and pay for the Bonds is subject to the Purchaser's receipt of (a) the legal opinion of Vinson & Elkins LLP, Houston, Texas, Bond Counsel for the District ("Bond Counsel"), (b) the no-litigation certificate and (c) the certificate as to the Official Statement, all as further described in the Official Statement.

In order to provide the District with information required to enable it to comply with certain conditions of Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"), the Purchaser will be required to complete, execute, and deliver to the District a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Bonds for sale, such certificate may be modified in a manner approved by Bond Counsel. **In no event will the District fail to deliver the Bonds as a result of the Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** 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 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.

LEGAL OPINIONS: The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Purchaser of the opinion of Bond Counsel, in substantially the form as attached to the Official Statement as "APPENDIX C."

CERTIFICATION OF OFFICIAL STATEMENT: At the time of payment for and initial delivery of the Bonds, the District will execute and deliver to the Purchaser a certificate in the form set forth in the Official Statement.

GENERAL

FINANCIAL ADVISOR: Coastal Securities, Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Coastal Securities, Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS: By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The District agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the District shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL: This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT: Following the issuance of the Bonds, the District will have \$34,192,000 remaining authorized but unissued unlimited tax bonds.

RATINGS: An application for ratings on this issue has been made to Moody's Investors Services ("Moody's") and Standard & Poor's Ratings Group ("S&P"). The result of their determination will be provided as soon as possible. It is anticipated that Moody's and S&P will assign municipal bond ratings of "Aaa" and "AAA" respectively based on the Texas Permanent School Fund Guarantee (See "OTHER INFORMATION – Ratings" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" in the Official Statement.).

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12: The District has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), will deem such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the best knowledge and belief of the District, the 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. Representations made and to be made by the District concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The District will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date an aggregate of **75** copies of the final Official Statement, including a like number of copies of any supplement(s) reflecting interest rates and other terms relating to the initial reoffering of the Bonds. Any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS: Except as disclosed in the Official Statement under the heading "CONTINUING DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings," for the past five years the District has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT: A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, are available over and above the normal mailing, and may be obtained at the offices of Coastal Securities, Inc., 5555 San Felipe, Suite 2200, Houston, Texas, 77056, Financial Advisor to the District.

On the date of the sale, the Board of Trustees will, in the Order authorizing the issuance of the Bonds, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Purchaser.

President, Board of Trustees
Alief Independent School District

May 11, 2010

OFFICIAL BID FORM

President and Board of Trustees
Alief Independent School District

Members of the Board of Trustees:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions dated May 11, 2010 of the \$16,480,000 ALIEF INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX QUALIFIED SCHOOL CONSTRUCTION BONDS, TAXABLE SERIES 2010 (Direct Pay to Issuer), both of which constitute a part hereof.

The Bonds will be sold in one block on a "All or None" basis. The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest true interest cost rate to the District. The true interest cost rate (the "TIC") is that annual rate which, when used to compute the total present value as of the Dated Date of the Bonds of all debt service payments on the Bonds on the basis of semi-annual compounding, using a 360-day year composed of 12 consecutive 30-day months, produces an amount equal to the sum of the par value of the Bonds plus any premium bid (but not interest accrued from the Dated Date of the Bonds to the date of their delivery). The Bonds will be awarded to the best bidder or syndicate account whose name first appears on the Official Bid form (the "Initial Purchaser" or "Purchaser") whose bid based on the above computation produces the lowest TIC to the District. In case of error in the TIC calculations, interest rates named on the Official Bid Form will govern; however, the Board reserves the right to reject any and all bids and to waive any and all irregularities, except the time for filing of the bids. If two or more equal bids are received the Board will determine by lot which bid, if any, shall be accepted, and such determination shall be final. The successful bidder will be required to agree to deliver a certificate setting forth the "original issue price" of the Bonds, determined in accordance with the provisions of section 1273 of the Internal Revenue code of 1986, as amended. In the event of the bidder's error in interest cost calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

For your legally issued Bonds, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you \$_____ (not less than \$16,397,600 (99.50% of par) or more than \$16,595,000 (par plus a cash premium not to exceed \$115,000)), such Bonds to bear interest payable semi-annually at the following annual rate:

Unlimited Tax Qualified School Construction Bonds, Taxable Series 2010 (Direct Pay to Issuer)

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate^(a)</u>
2/15/27	\$16,480,000	_____ %

^(a) The interest rate for the Bonds shall not exceed the federal tax credit rate established by the United States Treasury Bureau of Public Debt on May 18, 2010.

True Interest Cost _____ (Not part of bid)

Initial Purchaser: _____ Contact: _____ Phone: _____

In accordance with the terms of the Notice of Sale and Bidding Instructions, and the Good Faith Deposit, a bank cashier's or bank certified check for \$329,600 drawn on _____ is herewith enclosed or has been made available to you prior to opening of the bid with authorizing instructions from such bank. Such Good Faith Deposit is payable to the order of "Alief Independent School District". If the Bonds are awarded to us, the Good Faith Deposit will remain uncashed and will be returned to us at the time of delivery of the Bonds by the District.

Accordingly, if the Bonds are awarded to us, we agree to pay you in federal funds acceptable to the District, for immediate and unconditional credit to the District or as otherwise directed by the District, the full purchase price. If the Bonds are not awarded to us, the Good Faith Check will be returned to us promptly.

The undersigned agrees to complete, execute and deliver to the District, within 5 business days of the award of sale of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the District.

If the bid is accepted by the District, this bid shall thereupon become a contract of purchase for the Bonds under the terms contained in this Official Bid Form and in the Notice of Sale and Bidding Instructions. We hereby acknowledge that we have received and read the Notice of Sale and Bidding Instructions and Preliminary Official Statement referred to above.

Respectfully submitted,

By: _____
Authorized Representative

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Alief Independent School District, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 18th day of May, 2010.

President, Board of Trustees
Alief Independent School District

ATTEST:

Secretary, Board of Trustees
Alief Independent School District

Direct inquiries to the attention of:

Lewis A. Wilks
Coastal Securities, Inc.
5555 San Felipe, Suite 2200
Houston, Texas 77056
713-435-4336
713-435-4448 Fax

CERTIFICATE OF ISSUE PRICE

The undersigned hereby certifies as follows with respect to the bid and purchase of the Alief Independent School District (the "Issuer") Unlimited Tax Qualified School Construction Bonds, Taxable Series 2010 (Direct Pay to Issuer) (the "Bonds"):

1. The undersigned is the duly authorized representative of the purchaser (the "Purchaser") of the Bonds from the Issuer.

2. All of the Bonds have been offered to members of the public in a bona fide initial offering. For purposes of this Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or are acting on behalf of or as agents for the undersigned or members of the selling group).

3. The Bonds were offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.

4. Other than the obligations set forth in paragraph 5 hereof (the "Retained Maturity"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Bonds was sold to the public is set forth below.

<u>Principal Amount at Maturity</u>	<u>Interest Rate</u>	<u>Price/Yield</u>
\$16,480,000	_____ %	_____ %

5. In the case of the Retained Maturity, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

<u>Principal Amount at Maturity</u>	<u>Maturity</u>	<u>Price/Yield</u>
\$ _____	_____	_____

6. Based on the foregoing, the aggregate of such issue prices of all of the Bonds is \$ _____ (the "Issue Price"), which price includes pre-issuance accrued interest in the amount of \$ _____.

7. Please choose the appropriate statement: To the extent the issue price for each maturity exceeds the stated redemption price at maturity of the Bonds for that maturity, such excess over the stated redemption price at maturity does not exceed the product of one fourth of one percent (.25%), the stated redemption price at maturity and the number of complete years to maturity of the Bonds; provided that, in the case of any maturity of the Bonds with one or more scheduled mandatory redemption dates, the number of complete years to maturity will be calculated by assuming that a pro rata portion of each maturity of the Bonds will be called on such mandatory redemption dates; and provided further that, and in all cases, the first date of an optional call that would result in an alternative payment schedule that would minimize the yield on the bond will be used in lieu of the number of complete years to maturity.

8. The Purchaser understands that the statements made herein will be relied upon, by the District in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code") and by Bond Counsel in rendering their opinion that the Bonds are "qualified school construction bonds" that are "specified tax credit bonds", as defined in sections 54F and 6431 of the Code, respectively.

EXECUTED and DELIVERED this ___day of _____, 2010.

[PURCHASER]

By: _____

Title: _____