

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS**

**ON**

**\$17,000,000\***  
**FRANKLIN INDEPENDENT SCHOOL DISTRICT**  
**(Robertson County, Texas)**  
**UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2011**

**Sealed Bids Due September 27, 2011, at 1:00 p.m., CDT**

**THE SALE**

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING:** The Franklin Independent School District (the "District"), is offering for sale its \$17,000,000\* Unlimited Tax School Building Bonds, Series 2011 (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, Franklin Independent School District," and delivered to the Superintendent, Bret Lowry, 1216 FM 1644, Franklin, Texas 77856 prior to 1:00 p.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 September 27, 2011, 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 12:30 p.m. CDT and 1:00 p.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 September 27, 2011, 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 12:30 p.m. CDT and 1:00 p.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 SEPTEMBER 27, 2011 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 1:00 p.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 Official Statement. 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 6:00 p.m., CDT, September 27, 2011.

**AWARD OF THE BONDS:** The Board of Trustees (the "Board") will take action to award the Bonds (or reject all bids) at a special meeting to commence at 6:00 p.m., CDT, on the date of the bid opening. Upon awarding the Bonds to the winning bidder (the "Purchaser") the Board will adopt an order authorizing the Bonds and approving the Official Statement (the "Order"). **The District reserves the right to reject any and all bids and to waive any irregularities except time of submission.**

---

\*See "THE BONDS-ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.

## THE BONDS

**DESCRIPTION:** The Bonds will be dated October 1, 2011 (the “Dated Date”). Interest will accrue from the Dated Date and will be due on February 15, 2012, and each August 15 and February 15 thereafter until maturity or earlier redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity.

The Bonds will mature on February 15 in the years and amounts as follows:

<u>Maturity</u>	<u>Principal Amount</u>
2/15/2012	\$2,500,000*
2/15/2013	8,000,000*
2/15/2014	6,500,000*

**ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS:** The District is offering Bonds in the aggregate principal amount not to exceed \$17,000,000, subject to adjustment of the aggregate principal amount of Bonds (and the principal amounts of the Bonds maturing each year) that are to be awarded to the winning bidder to produce proceeds to the District in an aggregate amount of not less than \$17,120,000 and not more than \$17,125,000. The award will be based on the true interest cost rate as described under “CONDITIONS OF THE SALE - BASIS FOR AWARD.” Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. Any such adjustment to the aggregate principal amount of Bonds maturing in any year shall be in \$5,000 increments.

Any such adjustment will be communicated to the winning bidder within four (4) hours of the deadline for the submission of bids. Upon receipt of the initial reoffering prices from the winning bidder, the Financial Advisor will calculate and certify the winning bidder’s total underwriter’s compensation (fees and expenses). Any adjustments (reduction) to the aggregate principal amount of the Bonds and the maturity schedule will be made in a manner that will adjust the winning bidders certified underwriters compensation proportionally on a per bond basis.

In the event that the District or its Financial Advisor exercises the right to make adjustments to the aggregate principal amount of the Bonds and/or the maturity schedule after the deadline for the submission of bids, the winning bidder must execute and deliver to the District an acknowledgment of and agreement with such modification and adjusted maturity schedule upon the award of the Bonds to such winning bidder, and the Bonds shall be payable in the principal amounts contained therein and shall bear interest at the respective interest rates submitted to PARITY by the winning bidder.

**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.)

**NO OPTIONAL REDEMPTION:** The Bonds are not subject to optional redemption prior to maturity.

**SERIAL BONDS OR SERIAL BONDS AND TERM BONDS:** Bidders may provide that all the Bonds be issued as Serial Bonds maturing in accord with the Maturity Schedule shown on the Official Bid Form (Alternative 1) or as a combination of Serial Bonds and Term Bonds (Alternative 2), but a bid with Term Bonds is permitted only as described in Alternative 2 below.

*Alternative 1 -* Serial Bonds:

Serial Bonds maturing on February 15, 2012 through February 15, 2014.

*Alternative 2 -* Serial Bonds and Term Bonds:

One term bond consisting of the February 15, 2012 through February 15, 2014 maturities with such term bond consisting of two or more consecutive annual principal amounts accumulated from the Maturity Schedule shown on the Official Bid Form. Bidders may reestablish Serial Bonds following a Term Bond.

**MANDATORY SINKING FUND:** If the successful bidder elects to alter the Maturity Schedule and convert the principal amounts of the Bonds maturing in the years 2012 through 2014 into a “Term Bond”, such “Term Bond” shall be subject to mandatory redemption on February 15, 2012, or the first February 15 following the last maturity for Serial Bonds, and annually thereafter on each February 15 until the stated maturity for the Term Bonds at the redemption prices of par plus accrued interest to the date of redemption. The principal amounts of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown on the Official Bid Form had no conversion to Term Bonds occurred. At least thirty (30) days prior to each mandatory date, the Paying Agent/Registrar shall select, by lot, or other customary random selective method, the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Order.

---

\*See “THE BONDS-ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS” herein.

**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 payable from the proceeds of a continuing, direct annual 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 in one block on an “all or none” basis, and at a price of not less than their par value, plus accrued interest from the Dated Date of the Bonds to the date of delivery of the Bonds. **No bid producing a cash premium of less than \$120,000 or greater than \$500,000 will be considered; provided, however, that any bid is subject to adjustment as described under the caption “THE BONDS-ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS,”** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the highest interest rate specified for any maturity may not exceed the lowest rate bid by more than 3% in rate. No limitation is imposed upon bidders as to the number of rates or changes that may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state the true interest cost rate of its bid, which shall be considered informative only and not as a part of the bid.

**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.

**The District reserves the right to reject any and all bids and to waive any irregularities except time of submission.**

**GOOD FAITH DEPOSIT:** A Good Faith Deposit, payable to the “Franklin Independent School District” in the amount of \$340,000 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 the 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 CUSIP identification numbers 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.

---

\*See “THE BONDS-ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS” herein.

**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 \$17,000,000\*, signed by the President and Secretary of the Board of Trustees, approved by the Texas 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 October 20, 2011 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 October 20, 2011 or thereafter on the date the Bonds are tendered for delivery, up to and including November 17, 2011. If for any reason the District is unable to make delivery on or before November 17, 2011, 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 Andrews Kurth LLP, Austin, 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 the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, 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.

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX EXEMPTION" in the Official Statement, and will not be includable in the alternative minimum taxable income of individuals. See "TAX EXEMPTION" in the Official Statement for a discussion of the opinion of Bond Counsel, including the alternative minimum tax on corporations.

**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.

**CHANGE IN TAX-EXEMPT STATUS:** At any time before the Bonds are tendered for delivery, the Purchaser may withdraw its bid if the interest received by private holders on bonds of the same type and character as the Bonds shall be declared to be taxable income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

## 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 no authorized and unissued unlimited tax bonds remaining.

**RATING:** An application for a rating on this issue has been made to Moody's Investor Service ("Moody's"). The result of their determination will be provided as soon as possible. Moody's has assigned a municipal bond rating of "Aaa" 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 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 the Rule, 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:** During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it 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.

/s/ \_\_\_\_\_  
President, Board of Trustees  
Franklin Independent School District

September 16, 2011



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.

(Note: Not part of bid)

Respectfully submitted,

True Interest Cost Rate \_\_\_\_\_%

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Franklin Independent School District, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 27th day of September, 2011.

\_\_\_\_\_  
President, Board of Trustees  
Franklin Independent School District

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees  
Franklin 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 REGARDING ISSUE PRICE**

The undersigned hereby certifies with respect to the sale of Franklin Independent School District, Unlimited Tax School Building Bonds, Series 2011, dated October 1, 2011 (the "Bonds"), as follows:

1. The undersigned is a duly authorized representative of the underwriter or of the manager of the syndicate of underwriters that purchased the Bonds from the Franklin Independent School District (the "District") pursuant to a competitively bid sale. (Such underwriter or syndicate of underwriters is referred to herein as the "Initial Purchaser"). In this capacity, the undersigned is familiar with the facts stated herein.

2. The term "Initial Offering Prices" means the respective initial offering prices (exclusive of accrued interest) for the Bonds of each maturity (stated in term of dollars or as a percent of par) as set forth in the following table.

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INITIAL OFFERING PRICE</u>
2012	\$ 2,500,000 *	___%
2013	8,000,000 *	___%
2014	6,500,000 *	___%

3. The term "Public" shall not include bond houses, brokers, and similar persons or organizations acting in the capacity of wholesalers or underwriters. The term "Sale Date" means the first day on which there was a binding contract in writing for the sale of the Bonds by the District to the Initial Purchaser on specific terms that were not later modified or adjusted in any material respect. In the case of the Bonds, the Sale Date is September 27, 2011. The term "Issue Date" means the first day on which there is a physical delivery of the written evidence of the Bonds in exchange for the purchase price (but not earlier) than the day interest on the Bonds begins to accrue for federal income tax purposes). In the case of the Bonds, the Issue Date is October 20, 2011.

4. Based on the actual facts and reasonable expectations in existence, the Initial Offering Price for each Bond (a) represented the price (payable in cash, with no other consideration being included, and exclusive of accrued interest), at which the Initial Purchaser reasonably expected each such Bond would be sold to the Public, and (b) did not exceed what the Initial Purchaser believed to be the respective fair market value of each such Bond.

5. The Initial Purchaser has made a bona fide public offering to the Public of all the Bonds of each maturity at the Initial Offering Prices set forth above in paragraph 2. The Initial Offering Prices were determined on the Sale Date based on the Initial Purchaser's reasonable expectations regarding the Initial Offering Prices, and at least 10 percent of all of the Bonds, except any Retained Bonds (as defined below) were sold to the Public at the Initial Offering Prices. For the Bonds maturing in the years \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, of which at least 10 percent of each maturity was not sold to the Public at the Initial Offering Prices (the "Retained Bonds"), the Initial Purchaser reasonably expected, as of the Sale Date to sell a substantial amount of each maturity of such Bonds to the Public at the respective Initial Offering Prices.

6. The aggregate of the respective Initial Offering Prices (the "Issue Price") of all of the Bonds, exclusive of accrued interest and without adjustment for any costs of issuance, is \$\_\_\_\_\_. The pre-issuance accrued interest on the Bonds as of the Issue Date is \$\_\_\_\_\_.

7. The Initial Purchaser [has/has not] purchased bond insurance or another form of credit enhancement ("Guarantee") securing the payment of the principal of, or interest on, any of the Bonds. If any Guarantee has been purchased with respect to all or any portion of the Bonds –

a. The provider of the Guarantee is \_\_\_\_\_ (the "Guarantor").

b. The fee or premium paid to the Guarantor for the Guarantee is \$\_\_\_\_\_ (the "Premium"). The Premium is set forth in the Guarantor's commitment, does not exceed a reasonable charge for the transfer of the credit risk provided by the Guarantee, and does not include any direct or indirect payment or compensation (such as rating agency fees) for any service other than the transfer of such credit risk. The Guarantor has not provided any service other than the Guarantee, except for any such service for which the Guarantor has charged a reasonable arm's length price which will be in addition to, and stated separately from, the Premium. No portion of the Premium is refundable upon the redemption or defeasance of any of the Bonds.

---

\*See "Notice of Sale and Bidding Instructions-THE BONDS-ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS."

c. As a result of the Guarantee, the interest rates on the Bonds are less than those which would have been necessary in order to sell the Bonds at the respective Initial Offering Prices without the Guarantee. The present value of such interest savings expected to result from the Guarantee is greater than the present value of the Premium. In both cases, such present values have been determined as of the Issue Date using the yield on the Bonds (computed for this purpose by treating the Premium as additional interest on the Bonds) as the discount rate.

We understand that the District will rely on the above in making certain representations to Andrews Kurth LLP, Bond Counsel to the District, and in complying with the conditions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect thereunder, necessary for interest on the Bonds to be and remain excludable from gross income for federal income tax purposes.

EXECUTED and DELIVERED as of and on the \_\_\_\_ day of September 2011.

**INITIAL PURCHASER**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_