

**Notice of Sale and Bidding Instructions
and Official Bid Form**

Dated: September 7, 2021

CITY OF AUSTIN, TEXAS

\$37,805,000*

Certificates of Obligation, Series 2021

**Electronic Bids, as Described Herein, Will Be Accepted Between
9:00 AM CDT and 9:30 AM CDT
September 14, 2021**

Via PARITY

*Preliminary; subject to change.

CONTACTS

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Dallas, TX 75201
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**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

On

**CITY OF AUSTIN, TEXAS
(Travis, Williamson and Hays Counties)**

\$37,805,000*

CERTIFICATES OF OBLIGATION, SERIES 2021

Electronic Bids will be accepted between 9:00 AM CDT and 9:30 AM CDT, September 14, 2021

THE SALE

Certificates Offered for Sale at Competitive Bidding

The City of Austin, Texas (the “City”) is offering for sale its \$37,805,000* Certificates of Obligation, Series 2021 (the “Certificates”), pursuant to the Preliminary Official Statement, dated September 7, 2021 (the “Preliminary Official Statement.”)

The City also anticipates the sale of its \$159,560,000* Public Improvement and Refunding Bonds, Series 2021 (the “Bonds”), \$28,320,000* Public Property Finance Contractual Obligations, Series 2021 (the “Contractual Obligations”), \$82,240,000* Public Improvement and Refunding Bonds, Taxable Series 2021 (the “Taxable Bonds”), and the \$20,145,000* Certificates of Obligation, Taxable Series 2021 (the “Taxable Certificates”) pursuant to the same Preliminary Official Statement and separate notices of sale and bidding instructions relating to the Bonds, Contractual Obligations, Taxable Bonds and the Taxable Certificates.

Bids for each of the Certificates, the Bonds, the Contractual Obligations, the Taxable Bonds, and the Taxable Certificates will be accepted at the times described in the respective Notice of Sale and Bidding Instructions for each such issue. **A different Notice of Sale and Bidding Instructions has been prepared for each issue, and the award and delivery of the Certificates is not contingent on the award or delivery of the Bonds, the Contractual Obligations, the Taxable Bonds, or the Taxable Certificates.** Terms used herein and not defined in the Notice of Sale and Bidding Instructions shall have the same meaning assigned to them in the Preliminary Official Statement.

Electronic Bids Only

Bids for the Certificates must be submitted prior to 9:30 AM, Austin, Texas time on September 14, 2021 (the “Sale Time”). Bids may be submitted through the facilities of PARITY (see “PARITY” below) beginning at 9:00 AM, Austin, Texas time on September 14, 2021. Subscription to the i-Deal, L.L.C.’s BIDCOMP Competitive Bidding System is required in order to submit a bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. To bid via PARITY, bidders must have made arrangements for the Good Faith Deposit prior to the Sale Time, as further described below.

* Preliminary, subject to change. See “THE CERTIFICATES – Adjustment of Principal Amount and Maturity Schedule for the Certificates” and “CONDITIONS OF THE SALE – Type of Bids and Interest Rates”.

PARITY

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates 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, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale and Bidding Instructions shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849-5021.

For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the True Interest Cost Rate to the City, as described under “CONDITIONS OF THE SALE - Basis for Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and Bidding Instructions and the Official Bid Form.

Preliminary and Final Official Statement

The City’s Preliminary Official Statement is available for viewing in electronic format on the i-Deal Prospectus website. The i-Deal Prospectus website address is <http://www.i-dealprospectus.com/>. In addition, FINRA registered broker-dealers and dealer banks with DTC clearing arrangements may either: (a) print out a copy of the Preliminary Official Statement on their own printer, or (b) at any time prior to September 10, 2021, elect to receive a photocopy of the Preliminary Official Statement in the mail by calling the City’s Financial Advisor, PFM Financial Advisors LLC (“PFM” or the “City’s Financial Advisor”), 111 Congress Avenue, Suite 2150, Austin, Texas 78701 at (512) 614-5323.

The Preliminary Official Statement is “deemed final” by the City as of its date, for purposes of paragraph (b)(1) of SEC Rule 15c2-12, promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Rule”), except for the omission of information concerning the offering price(s), interest rate(s), selling compensation, aggregate principal amount of the Certificates, description of insurance, if any, and any other terms or provisions to be determined from the successful bid or depending on such matters, and the identity of the purchaser(s). The Preliminary Official Statement is, however, subject to such further revisions, amendments and completion in a final Official Statement as may be necessary.

The City shall provide the winning bidder (the “Purchaser”) with up to 25 conformed copies of a final Official Statement within seven (7) business days following the date of acceptance of the bid. See “GENERAL – The Official Statement and Compliance with SEC Rule 15c2-12”. The final Official Statement will be available at the City’s website https://www.ci.austin.tx.us/financeonline/finance/financial_docs.cfm?ws=1&pg=3 after the date of delivery of the Certificates.

Award of the Certificates

The bids for the Certificates will be opened at 9:30 AM Austin, Texas Time, on September 14, 2021. On August 26, 2021, the City Council adopted an ordinance authorizing the Certificates and approving the Preliminary Official Statement (the “Ordinance”). In the Ordinance, the City Council delegated pricing of the Certificates, and certain other matters, to a “Pricing Officer” who will execute a “Pricing Certificate” on the date of the bid opening to award the sale of the Certificates, or will reject all bids.

THE CERTIFICATES

Description

The Certificates will be dated October 7, 2021* (the “Dated Date”). Interest will accrue from the Dated Date, and will be due on March 1, 2022, and each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in integral multiples of \$5,000 for any one maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will mature in each year as follows unless the bidder elects to have one or more Term Certificates as provided below.

Maturity Schedule*

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	

Adjustment of Principal Amount and Maturity Schedule for the Certificates

The principal amounts for the Certificates set forth in this Notice of Sale and Bidding Instructions reflect estimates of the City and its Financial Advisor with respect to the likely interest rate of the winning bid and the premium/discount contained in the winning bid. The maturity schedule may be adjusted by the City and its Financial Advisor prior to the date and time for submission of bids and, if any such adjustment is made, bidders must bid on the basis of the adjusted schedule. Such changes will be reflected in the maturity schedule posted with PARITY on or before the day the City requests bids for the Certificates. The City and its Financial Advisor shall not be required to give any other notice of any adjusted maturity schedule.

After selecting the winning bid, the aggregate principal amount of the Certificates and the principal installment amounts in the maturity schedule may be further adjusted as determined by the City in \$5,000 increments to reflect the actual interest rates and any premium/discount in the winning bid and to maximize the efficiency of the structure related to the Certificates. Any such adjustment of the aggregate principal amount of the Certificates and/or the principal installment amounts (including Term Certificates, if any; see “- Serial Certificates and/or Term Certificates” below) in the maturity schedule for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – Basis For Award” herein and shall not affect such determination.

Such adjustment will not change the aggregate principal amount of the Certificates to be issued by more than

* Preliminary, subject to change. See “THE CERTIFICATES – Adjustment of Principal Amount and Maturity Schedule for the Certificates” and “CONDITIONS OF THE SALE – Type of Bids and Interest Rates”.

15% from the aggregate principal amount posted with PARITY on September 13, 2021. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. 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 the winning bidder's total per bond purchaser's compensation (fees and expenses). Any adjustments to the aggregate principal amount of the Certificates and the maturity schedule will be made in a manner that does not decrease the winning bidder's certified purchaser's compensation on a per bond basis. The winning bidder may not withdraw its bid as a result of any changes made within the limits provided herein.

In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted; and the Certificates of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yield as specified in the original bid. However, the award will be made to the bidder whose bid produces the lowest True Interest Cost Rate, calculated as specified herein, without taking into account any adjustment in the principal amount of Certificates as set forth above.

In the event that the City and its Financial Advisor exercise the right to make adjustments to the aggregate principal amount of the Certificates and/or the principal installment amounts in the maturity schedule after the deadline for the submission of bids, the winning bidder must execute and deliver to the City an acknowledgment of and agreement with such modification and adjusted maturity schedule upon the award of the Certificates to such winning bidder, and the Certificates 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.

Serial Certificates and/or Term Certificates

Bidders may provide that all of the Certificates be issued as serial bonds or may provide that any two or more consecutive annual principal installment amounts be combined into one or more Term Certificates (see "Mandatory Sinking Fund Redemption" below).

Mandatory Sinking Fund Redemption

If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Certificates into "Term Certificates", such Term Certificates shall be subject to mandatory sinking fund redemption on the first September 1 next following the last maturity for Serial Bonds as reflected in the bidder's bid, and annually thereafter on each September 1 until the stated maturity for the Term Certificates at the redemption prices of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory sinking fund redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule had no conversion to Term Certificates occurred. At least thirty (30) days prior to each mandatory sinking fund redemption date, the Paying Agent/Registrar shall select by lot or other customary random selection method the Term Certificates to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory sinking fund redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificates of the same maturity which (i) have been acquired by the City, with funds on deposit in the Interest and Sinking Fund for the Certificates and delivered to the Paying Agent/Registrar for cancellation or (ii) have been redeemed pursuant to the optional redemption provisions (see "Optional Redemption" below) and not theretofore credited against a mandatory sinking fund redemption requirement.

The final Official Statement will incorporate the mandatory sinking fund redemption provisions for the Term Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

Book-Entry-Only System

The City intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"). See "OBLIGATION INFORMATION - Book-Entry-Only System" in the Preliminary Official Statement.

Optional Redemption

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2032, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Paying Agent/Registrar

The initial Paying Agent/Registrar shall be ,Wilmington Trust, National Association, Dallas, Texas.

Authority for Issuance and Source of Payment

The City is authorized to issue the Certificates pursuant to Subchapter C of Chapter 271, Texas Local Government Code and 1371, Texas Government Code, , the Ordinance, and a pricing certificate to be executed on the date of sale evidencing the final terms of sale of the Certificates, all as more fully set forth in the Preliminary Official Statement.

The Certificates are direct obligations of the City, payable out of the receipts from an ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and are additionally secured by a limited pledge of the surplus revenues (not to exceed \$1,000) of the City's solid waste disposal system, as provided in the Ordinance.

Further details regarding the Certificates are set forth in the Preliminary Official Statement. See "THE SALE -Preliminary and Final Official Statement" above.

CONDITIONS OF THE SALE

Type of Bids and Interest Rates

The Certificates will be sold in one block on an "All or None" basis. **The aggregate purchase price, inclusive of original issue discount ("OID"), original issue premium ("OIP") and purchaser's discount, may not be less than 102% or greater than 120% of the aggregate principal amount of the Certificates.** Bidders are invited to name the rate(s) of interest to be borne by the Certificates via their electronic bid, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3% in rate. No individual maturity shall have a price of less than 98%. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

Basis for Award

The sale of the Certificates 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 City. The True Interest Cost Rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the Net Bond Proceeds (defined as the par amount of the Certificates, plus any OIP, less any OID and purchaser's discount on the Certificates calculated on a 360 day year to the Dated Date). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth, or incorporated by reference, in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the initial Purchaser will be required to provide the City with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

The City reserves the right to reject any and all bids and to waive any irregularity or informality of any bid, except time of submission.

Impact of Bidding Syndicate on Award

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

Minority, Women and Disadvantaged Business Enterprises

The City has established as its policy the creation of opportunities for minority business enterprises, women business enterprises and disadvantaged business enterprises in City projects and procurement. Accordingly, the City encourages bidders to include in the formation of underwriting syndicates firms which are minority, women and disadvantaged business enterprises. Furthermore, the City requests that where underwriting syndicates are formed, that such firms provide with their Official Bid Form a listing of syndicate members including any minority, women or disadvantaged business enterprises participating.

Good Faith Deposit

A Good Faith Deposit, payable to the "City of Austin, Texas", in the amount of \$_____, which is 1% of the proposed par value of the Certificates, is required. Such Good Faith Deposit shall be in the form of a Cashier's Check, or its equivalent. If a Cashier's Check is used, it is to be retained uncashed by the City pending the Purchaser's compliance with the terms of the Official Bid Form and this Notice of Sale and Bidding Instructions. The Good Faith Deposit, if in the form of a Cashier's Check, may accompany the Official Bid Form or it may be submitted separately, in either case it must be in the possession of the City's Financial Advisor prior to the Sale Time in order for prospective bidders to qualify to bid electronically. If a Cashier's Check is submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser utilizing a Cashier's Check will be returned to the Purchaser upon payment for the Certificates.** 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 Certificates in accordance with the bid, then said Cashier's Check shall be cashed and accepted by the City as full and complete liquidated damages. The Cashier's Checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

The Good Faith Deposit will be returned in full to the Purchaser upon payment for the Certificates. If the Purchaser should fail to pay for the Certificates in accordance with its bid, then the Good Faith Deposit will be accepted by the City as full and complete liquidated damages.

Provision of Texas Ethics Commission Form 1295 ("TEC Form 1295") and Certification of Filing by Bidders

Pursuant to Texas Government Code §2252.908 (the "Interested Party Disclosure Act"), unless the bidder represents and verifies in 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 City may not award the Certificates to a bidder unless the bidder has provided to the City a TEC Form 1295 and a Certification of Filing as generated by the Texas Ethics Commission (the "TEC"). Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC's website at <https://www.ethics.state.tx.us/tec/1295-Info.htm>. The TEC Form 1295 must then be completed, signed and provided to the City (c/o the City's Financial Advisor, PFM Financial Advisors LLC Attn: waley@pfm.com, robertsb@pfm.com, and arndtj@pfm.com) along with Certification of Filing generated by TEC. Originals of the completed Disclosure Form and the certification of filing must be physically delivered to the City within 2 business days of the award at the following address:

Belinda Weaver
City of Austin
Treasury Office
919 Congress Avenue, Suite 1250
Austin, Texas, 78701

In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and will obligate the bidder to file promptly a completed TEC Form 1295, in order to complete the award. **TEC Form 1295 must be received by the City prior to the formal acceptance of the winning bid.** The TEC Form 1295 and Certificate of Filing may be provided to the City via facsimile or electronically. Following the award of the Certificates, the City will acknowledge the receipt of each completed TEC Form 1295 and Certification of Filing. **The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.** For purposes of completing the TEC Form 1295, box two is the City's formal name and box 3 is **Austin CO 2021**. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the apparent winning bid.

Compliance with Law Prohibiting Contracts with Companies that Boycott Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations

Pursuant to Chapter 2271, Texas Government Code, the City will not award the Certificates to a bidder unless the bidder verifies that, at the time of execution and delivery of its bid and, except to the extent otherwise required by applicable federal law, to the date of the delivery of the Certificates, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended. Such verification is included in the Official Bid Form attached to this Notice of Sale. Further, pursuant to Chapter 2252, Texas Government Code, the City will not

award the Certificates to a bidder unless the bidder certifies that it is not a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, and has not been identified as a company on a list prepared and maintained under Sections 2270.0201 or 2252.153, Texas Government Code. By submitting a bid, the potential purchaser makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP Numbers

It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate 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 Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The City's Financial Advisor shall make application for CUSIP numbers. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City; provided, however, that the charges of CUSIP Global Services for the assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser.

Initial Delivery of Certificates

Initial delivery of the Certificates will be accomplished by the issuance of an initial certificate for each maturity (also called the "Initial Certificates"), either in typed or printed form, in the aggregate principal amount of \$_____, payable to the Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts.

Upon delivery of the Initial Certificates, they shall be immediately canceled and one certificate for each maturity of the Certificates will be delivered and deposited with DTC in connection with DTC's book-entry-only system. Initial delivery will be at the office of the Paying Agent/Registrar in Dallas, Texas.

Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that initial delivery of the Initial Certificates can be made on or about October 7, 2021*, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, Austin, Texas time, on October 7, 2021, or thereafter on the date the Certificates are tendered for delivery, up to and including October 21, 2021. If for any reason the City is unable to make delivery on or before October 21, 2021, the City 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 City and the Purchaser shall be relieved of any further obligation in connection with the sale and delivery of the Certificates. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

Conditions to Delivery

The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City ("Bond Counsel"), (b) the no-litigation and Official Statement Certificate, and (c) a copy of the Ordinance containing the continuing disclosure agreement, all as further described hereinafter.

*Preliminary, subject to change.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Certificates from the gross income for federal income tax purposes, the Purchaser will be required to complete, execute, and deliver to the City, at the time the bid is submitted to the City, a certification as to their "issue price" as set forth below and 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 Certificates for sale or has not sold a substantial amount of the Certificates of any maturity by the date of delivery, such certificate may be modified in a manner approved by the City and Bond Counsel.

Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date specified above, if its bid is accepted by the City. 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 no event will the City fail to deliver the Certificates as a result of the Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery.**

Legal Opinions

The Certificates 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 Certificates is subject to the receipt by the Purchaser of the opinion of Bond Counsel, to the effect that, based on a review of a transcript of proceedings relating to the issuance of the Certificates, the Certificates are valid and binding obligations of the City and that under the Code the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement. References herein to the opinion of Bond Counsel are qualified in their entirety to the proposed form of Bond Counsel's opinion that is attached as an appendix to the Official Statement. In connection with the transactions described in the Official Statement, Bond Counsel represents only the City.

Certification as to No-Litigation and Official Statement

At the time of payment for and initial delivery of the Certificates, the Purchaser of the Certificates will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of initial delivery of the Certificates, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date of said certificate, to restrain or enjoin the issuance or delivery of the Certificates or which would affect the provisions made for their payment or security or in any manner question the validity of the Certificates.

Change in Tax Exempt Status

At any time before the Certificates are tendered for delivery, the Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character as the Certificates 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.

Establishing the Issue Price for the Certificates

The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters and/or syndicates of underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement"). In the event that the bidding process does not satisfy the Competitive Sale Requirement bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Certificates (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") and (ii) agrees to hold-the-offering-price of each maturity of the Certificates that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below. In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to PFM a certification as to the Certificates "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer and Bond Counsel. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

- (i) "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,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Certificates are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale and Bidding Instructions to establish the issue price of the Certificates may be taken on behalf of the Issuer by the Issuer's Financial Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Financial Advisor. The Issuer will consider any bid submitted pursuant to this Notice of Sale and Bidding Instructions to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instructions. By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

Continuing Disclosure Agreement

The City has agreed in the Ordinance to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept delivery of and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a copy of the Ordinance containing the agreement described under such subcaption in addition to the other documents described under the subheading "Conditions to Delivery" above.

GENERAL

Financial Advisor

PFM is employed as the City's Financial Advisor in connection with the issuance of the Certificates. PFM's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. PFM, 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 Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Registration and Qualification of Certificates for Sale

No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the City 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 Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

Issuance of Additional Debt

Except for the Taxable Bonds, the Taxable Certificates, the Bonds, and the Contractual Obligations being issued concurrently with the issuance of the Certificates, the City does not anticipate the issuance of any additional obligations secured in whole or in part by ad valorem taxes until the fall of 2022. The City continues to review opportunities for refunding certain previously issued obligations secured in whole or in part by ad valorem taxes and assumed debt to achieve a debt service savings, and may, upon the determination of the City Council, sell obligations to effect such a refunding at any time.

Ratings

The Certificates received ratings of “ ” from Moody's Investors Service, Inc. (“Moody's”), “ ” from S&P Global Ratings, a division of S&P Global Inc. (“S&P”), and “ ” from Fitch Ratings, Inc. (“Fitch”). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal

of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Certificates. See “OTHER RELEVANT INFORMATION – Ratings” in the Official Statement.

Municipal Bond Insurance

In the event the Certificates are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor **will be paid by the Purchaser**. Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City**. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Certificates.

The Official Statement and Compliance with SEC Rule 15c2-12

The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with the Rule, deems 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. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

The City will furnish to the Purchaser, or Purchasers, acting through a designated senior representative, in accordance with instructions received from the Purchaser(s), within seven (7) business days from the sale date an aggregate of up to 25 copies of the Official Statement, together with information regarding interest rates, and other terms relating to the reoffering of the Certificates. In addition, the City agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a “designated electronic format” (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board (“MSRB”). The City consents to the distribution of such documents in a “designated electronic format.” Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with MSRB Rule G-32. The Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more copies. The Purchaser will be responsible for providing information concerning the City and the Certificates to subsequent purchasers of the Certificates, and the City will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The City’s obligation to supplement the Official Statement to correct key representations determined to be omitted or materially misleading, after the date of the Official Statement, shall terminate 25 days after the date of initial delivery of the Certificates.

On the date of the sale, the City will, through its delegation to the Pricing Officer, in the Pricing Certificate, confirm its approval of the form and content of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

Ed Van Eenoo, Chief Financial Officer
PRICING OFFICER
City of Austin, Texas

September 7, 2021

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Austin, Texas
c/o City Treasurer
919 Congress Avenue, Suite 1250
Austin, Texas 78701

September 14, 2021

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated September 7, 2021, of \$_____ * CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2021 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus a cash premium of \$_____ for Certificates maturing and bearing interest as follows.

<u>Maturity (September 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Maturity (September 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2022				2032			
2023				2033			
2024				2034			
2025				2035			
2026				2036			
2027				2037			
2028				2038			
2029				2039			
2030				2040			
2031				2041			

(Interest to accrue from the Date of Initial Delivery)

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

<u>Maturity Date</u>	<u>Year of First Mandatory Redemption</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
		\$	%
		\$	%
		\$	%

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

True Interest Cost Rate _____%

* Preliminary; subject to change. See "THE CERTIFICATES – Adjustment of Principal Amount and Maturity Schedule for the Certificates" and "CONDITIONS OF THE SALE – Type of Bids and Interest Rates" in the Notice of Sale and Bidding Instructions.

The Initial Certificates shall be registered in the name of the undersigned. We will advise The Depository Trust Company, New York, New York ("DTC"), of registration instructions at least five business days prior to the date set for Initial Delivery.

A Cashier's Check of the _____ Bank, _____, in the amount of \$_____, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificates by wire transfer in immediately available funds pursuant to written direction of the City, not later than 10:00 AM, Austin, Texas time, on October 7, 2021, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City.

We agree to provide 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. We also agree and hereby direct the Pricing Officer to attach hereto our electronic bid thereby, by this directed incorporation by reference, completing the information needed for this manually executed bid form.

Bid Form

The undersigned acknowledges and agrees that the City will consider this to be a firm offer for the purchase of the Certificates and further agrees to complete, execute and deliver to the City by the date of initial delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City.

We certify that (check one of the below):

☐ We have submitted a Certificate of Interested Parties Form 1295 (the "TEC Form 1295") to the City as prescribed by the Texas Ethics Commission; or

☐ We are exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

[Add energy and firearms language.]

We further make, certify and verify the representations set forth in the Notice of Sale and Bidding Instructions under "CONDITIONS OF THE SALE – Compliance with Law Prohibiting Contracts with Companies that Boycott Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations."

Respectfully submitted,

By:

Authorized Representative

List of Syndicate Members, if any:

ACCEPTANCE CLAUSE

The above and foregoing bid together with the electronic bid information completing such information as incorporated by reference therein and attached hereto is hereby in all things accepted by the City of Austin, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 14th day of September, 2021.

Pricing Officer
City of Austin, Texas

ISSUE PRICE CERTIFICATE

(Sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2021 (the "Certificates"), hereby certifies and represents, based on its records and information, as follows:

- (a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.
- (b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).
- (c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.
- (d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net of any nonguarantee 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, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. 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 Certificates, 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 Certificates in an amount which would exceed the portion of such fee that has not been earned.

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

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

EXECUTED and DELIVERED as of this _____.

_____,
as Purchaser

By: _____

Name: _____

SCHEDULE A

Pricing Wire or Equivalent Communication

ISSUE PRICE CERTIFICATE
(Sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2021 (the "Certificates"), hereby certifies and represents, based on its records and information, as follows:

- (a) Other than the Certificates maturing in ____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold on the date of sale of the Certificates (the "Sale Date") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.
- (b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.
- (c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.
- (d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net of any nonguarantee 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, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. 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 Certificates, 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 Certificates in an amount which would exceed the portion of such fee that has not been earned.

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

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

EXECUTED and DELIVERED as of this _____.

_____,
as Purchaser

By: _____

Name: _____

SCHEDULE A

Pricing Wire or Equivalent Communication