

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS**

**ON**

**\$2,520,000\***  
**CADDO BASIN SPECIAL UTILITY DISTRICT  
UTILITY SYSTEM REVENUE BONDS, SERIES 2019**

**Sealed Bids Due Tuesday, April 23, 2019, at 11:00 AM, CDT**

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

**THE SALE**

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . .** The Caddo Basin Special Utility District (the "District") is offering for sale its \$2,520,000\* Utility System Revenue Bonds, Series 2019 (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

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

**BIDS DELIVERED TO DISTRICT . . .** Sealed bids, plainly marked "Bid for Bonds," should be addressed and delivered to Mr. Nick Bulaich, Hilltop Securities Inc. ("HilltopSecurities"), 777 Main Street, Suite 1200, Fort Worth, Texas 76102, prior to 11:00 AM, CDT, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineations.

**ELECTRONIC BIDDING PROCEDURE . . .** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.

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

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

For purposes of the bidding process, the time as maintained by i-Deal shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form. The winning bidder shall submit a signed bid form if not previously submitted.**

**BIDS BY TELEPHONE OR FACSIMILE . . .** Bidders must submit, prior to April 23, 2019, SIGNED Official Bid Forms to Nick Bulaich, Hilltop Securities Inc., 777 Main Street, Suite 1200, Fort Worth, Texas 76102, and submit their bid by telephone or facsimile (fax) on the date of the sale.

Telephone bids will be accepted at (817) 332-9710, between 10:00 AM, CDT and 11:00 AM, CDT on the date of the sale.

Fax bids will be received between 10:00 AM, CDT and 11:00 AM, CDT, on the date of the sale at (817) 336-5572, attention: Kaylee Haddad.

**HilltopSecurities will not be responsible for submitting any bids received after the above deadlines.**

The District and HilltopSecurities are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis.

HilltopSecurities assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if any options are exercised.

\* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" herein.

**PLACE AND TIME OF BID OPENING . . .** The bids for the Bonds will be publicly opened and read in the Financial Advisor's office at HilltopSecurities, 777 Main Street, Suite 1200, Fort Worth, Texas 76102, at 11:00 AM, CDT, Tuesday, April 23, 2019, then tabulated and submitted to District's Board of Directors' for its consideration at a regular session of the Board to convene at 6:30 PM, CDT, April 23, 2019.

**AWARD OF THE BONDS . . .** The Board of Directors will take action to award the Bonds (or reject all bids) at its meeting scheduled to convene at 6:30 PM, CDT, on the date of the bid opening, The action will be pursuant to an Order authorizing the Bonds and approving this Official Statement (the "Order").

### **THE BONDS**

**DESCRIPTION . . .** The Bonds will be dated April 15, 2019. Interest will accrue from the date of initial delivery (the "Delivery Date") (expected to be May 9, 2019) to the Purchaser (hereinafter defined) and will be payable on September 1, 2019, and each March 1 and September 1 thereafter until the earlier of maturity or prior 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 September 1 in each year as follows:

#### **MATURITY SCHEDULE\***

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2019	\$ 85,000	2029	\$ 125,000
2020	90,000	2030	130,000
2021	95,000	2031	135,000
2022	95,000	2032	140,000
2023	100,000	2033	145,000
2024	105,000	2034	150,000
2025	105,000	2035	160,000
2026	110,000	2036	165,000
2027	115,000	2037	170,000
2028	120,000	2038	180,000

**OPTIONAL REDEMPTION . . .** The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

**SERIAL BONDS AND/OR TERM BONDS . . .** Bidders may provide that all of the Bonds be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term Bonds.

**MANDATORY SINKING FUND . . .** If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Bonds into "Term Bonds", such "Term Bonds" shall be subject to mandatory redemption on the first September 1 next following the last maturity for Serial Bonds, and annually thereafter on each September 1 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 above had no conversion to Term Bonds occurred. At least thirty (30) days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Preliminary Official Statement.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the District, by the principal amount of the Term Bonds of the same maturity which at least 45 days prior to mandatory redemption date (i) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation and shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

A final official statement will incorporate the mandatory redemption provisions for the Bonds in the event the successful bidder elects to convert serial maturities into one or more Term Bonds.

**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.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar shall be Wilmington Trust, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar" in the Official Statement).

**SOURCE OF PAYMENT . . .** The Bonds are special obligations of the District secured by and payable, both as to principal and interest, solely from and, together with the outstanding Previously Issued Bonds, secured by a first lien on and pledge of the Net Revenues of the District's utility system (the "System"). The Net Revenues are defined in the Order as the Gross Revenues of the System after deducting the System Operating and Maintenance Expenses. The Bonds are further secured by amounts on deposit in the Reserve Fund. The District has no taxing powers and has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation.

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

\* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" herein.

## 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 at least par.** 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 net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. No coupon rate greater than 5% will be accepted. **For Bonds having stated maturities on and after September 1, 2028, no reoffering yield producing a dollar price less than 98.00 for any individual maturity will be accepted.** The winning bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . .** Prior to 12:00 Noon, CDT on the business day before the bids are due, the District may, in its sole discretion, adjust the principal amount set forth above (the "Maturity Schedule") and/or the type of bid required on the Bonds. HilltopSecurities, as Financial Advisor to the District, will give notice of any such adjustment by Parity. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purposes of this paragraph, the term "Maturity Schedule" shall include any adjustments to the principal amounts shown above including the total par amount so made by the District by posting a Parity Wire.

After final computation of the bids, in awarding the sale to the best bidder, the District may determine in its sole discretion, that the funds necessary to carry out the purposes for which the Bonds are to be issued may be either more or less than the proceeds of the proposed sale of all of the Bonds. Upon making such determination, the District reserves the right to adjust the principal amount of the Bonds shown on the Maturity Schedule. The principal amount of any maturity of the Bonds shall only be adjusted in \$5,000 increments and shall not be increased or decreased by an amount that exceeds 25% of the preliminary principal amount of such maturity (rounded up to the next higher integral of \$5,000) without permission of the successful bidder. Such adjustment(s), if any, shall be made within 4 hours of the opening of the bids for the Bonds.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. 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 prior 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. The successful bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

**BASIS FOR AWARD . . .** For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total dollar cost of all interest on the Bonds from the Delivery Date to their respective maturities, using the table of Bond Years herein, and adding thereto the dollar amount of the discount bid, if any, (the "Net Interest Cost Calculation"). Subject to the District's right to reject any or all bids and to waive any irregularities except time of filing, the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Initial Purchaser") whose bid, based on the Net Interest Cost Calculation, produces the lowest net effective interest cost to the District. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

**GOOD FAITH DEPOSIT . . .** A Good Faith Deposit, payable to the "Caddo Basin Special Utility District", in the amount of \$50,400.00, 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.

**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"), the District may not award the Bonds to a bidder that is not a publically traded business entity or wholly owned subsidiary of a publicly traded business entity (a "Privately Held Bidder") unless the Privately Held Bidder has provided to the District 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-Infor.htm>. The TEC Form 1295 must then be printed, signed and notarized and provided to the District (c/o the District's Financial Advisor, HilltopSecurities, a Division of Hilltop Securities, Inc. Attn: Nick Bulaich, [nick.bulaich@hilltopsecurities.com](mailto:nick.bulaich@hilltopsecurities.com)) along with Certification of Filing generated by TEC. In the event that the Privately Held Bidder's bid for the Bonds is the best bid received, the District, acting through its Financial Advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and will obligate the Privately Held Bidder to file promptly a completed TEC Form 1295, in order to complete the award. **TEC Form 1295 must be received by the District prior to the formal acceptance of the winning bid.**

The TEC Form 1295 and Certificate of Filing may be provided to the District via facsimile or electronically. Following the award of the Bonds, the District will notify the TEC of the receipt of each completed TEC Form 1295 and Certification of Filing. The District 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 Caddo Basin Special Utility District and box 3 is Caddo Basin SUD 2019. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

**ADDITIONAL CONDITION OF AWARD – COMPLIANCE WITH H.B. 89 AND S.B. 252, 85TH TEXAS LEGISLATURE.** . To the extent the sale of the Bonds that is the subject of this Notice of Sale constitutes a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, each bidder, through submittal of an executed Official Bid Form, verifies that it (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the bidder) does not boycott Israel and, except to the extent required by applicable federal law, will not boycott Israel through the term of the agreement set forth in the Official Bid Form. For purposes of this verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable, each bidder, through the submittal of the Official Bid Form, represents that it (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the bidder) is not a company (as defined in Section 2270.0001(2), Texas Government Code) on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

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

#### **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 the assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser.

**DELIVERY OF BONDS . . .** Delivery will be accomplished by the issuance of one Initial Bond (the "Initial Bond"), either in typed or printed form, in the aggregate principal amount of \$2,520,000\*, payable in stated installments to the Purchaser, signed by the President and Secretary of the Board of Directors, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately canceled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. 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 five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bond(s) can be made on or about May 9, 2019, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CDT, on May 9, 2019, or thereafter on the date the Bonds are tendered for delivery, up to and including May 17, 2019. If for any reason the District is unable to make delivery on or before May 17, 2019, 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 beyond the District's reasonable 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 Norton Rose Fulbright LLP, Dallas, Texas, Bond Counsel for the District ("Bond Counsel"), (b) the no-litigation certificate, (c) the certification as to the Official Statement, all as further described in the Official Statement, and (d) the non-occurrence of the events described under "No Material Adverse Change".

**NO-LITIGATION CERTIFICATE . . .** At the time of the initial delivery of the Bonds, the District will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

\* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids herein.

**NO MATERIAL ADVERSE CHANGE . . .** The obligations of the District to deliver the Bonds and of the Purchaser to accept delivery of and pay for the Bonds are subject to the condition that to the time for delivery of and receipt of payment for the Bonds, there shall be no material adverse change in the financial condition of the District from those set forth in or contemplated by the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

**CERTIFICATION REGARDING OFFERING PRICE OF BIDS . . .** 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 (on or before the 6th business day prior to the delivery of the Bonds) 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 the District. **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.

**ESTABLISHMENT OF ISSUE PRICE (HOLD THE OFFERING PRICE RULE WILL APPLY IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED)**

(a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District by the date of delivery an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. In such event, the District intends to treat the initial offering price to the public as of the sale date of each maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"). The District shall promptly advise the winning bidder, at or before the time of award of the Bonds, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Bonds. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold the offering price rule applies.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) The close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) The date on which the underwriters have sold at least 10% of that maturity of the Bonds 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 District when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement regarding the hold the offering pricing rule as applicable to the Bonds.

(f) 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 Bonds 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, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds 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 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sale of any Bonds 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. Further, for purposes of the section of the Notice of Sale.

- (1) "public" means any person other than an underwriter of a related party,
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public,
- (3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser 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
- (4) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

**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 opinions of Bond Counsel, based upon the assumption described in the Official Statement under the heading "Other Information - Legal Matters," to the effect that the Bonds are valid and binding obligations of the District and that the 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 Matters" in the Official Statement.

**CERTIFICATION OF OFFICIAL STATEMENT . . .** On the Delivery Date 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 obligations of the same type and character shall be declared to be includable in gross 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** . . . HilltopSecurities 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. HilltopSecurities, 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. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

**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 the 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** . . . The District does not anticipate the issuance of additional revenue bonds within the next twelve months.

**RATINGS** . . . The Bonds issued are rated "A+" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") (see "Other Information - Ratings").

**MUNICIPAL BOND INSURANCE** . . . In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost **will be paid by the Initial Purchaser**. Any fees to be paid to rating agencies other than S&P as a result of said insurance **will be paid by the Initial Purchaser**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Bonds. Any rating downgrade or notice of potential downgrade by S&P, respectively, of the bond insurance provider after the Bid Opening shall not relieve the Initial Purchaser of its obligation under the heading "Delivery of the Bonds and Accompanying Documents".

**THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12** . . . The District has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), deems such Official Statement to be final as of its date within the meaning of such 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 250 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. The cost of a reprinted Official Statement, if the Purchaser shall so elect, and the cost of 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 subject securities.

**CONTINUING DISCLOSURE AGREEMENT** . . . The District will agree in the Order authorizing issuance of the Bonds 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 Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or (its) agent of a certified copy of the Resolution containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . During the last five years, the District believes it has complied in all material respects with its previous continuing disclosure undertakings, entered into pursuant to the Rule, except as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION– Compliance with Prior Undertakings".

**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, as available over and above the normal mailing, may be obtained at the offices of Hilltop Securities Inc., Investment Bankers, 777 Main Street, Suite 1200, Fort Worth, Texas 76102, Financial Advisor to the District.

On the date of the sale, the Board of Directors 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.

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Board President

Caddo Basin Special Utility District

April 23, 2019



**BOND YEARS\***

<u>Bonds Maturing</u>	<u>Amount</u>	<u>Bond Years</u>	<u>Accumulated Bond Years</u>	<u>Bonds Maturing</u>
2019	\$ 85,000	95.861	95.861	2019
2020	90,000	191.500	287.361	2020
2021	95,000	297.139	584.500	2021
2022	95,000	392.139	976.639	2022
2023	100,000	512.778	1,489.417	2023
2024	105,000	643.417	2,132.833	2024
2025	105,000	748.417	2,881.250	2025
2026	110,000	894.056	3,775.306	2026
2027	115,000	1,049.694	4,825.000	2027
2028	120,000	1,215.333	6,040.333	2028
2029	125,000	1,390.972	7,431.306	2029
2030	130,000	1,576.611	9,007.917	2030
2031	135,000	1,772.250	10,780.167	2031
2032	140,000	1,977.889	12,758.056	2032
2033	145,000	2,193.528	14,951.583	2033
2034	150,000	2,419.167	17,370.750	2034
2035	160,000	2,740.444	20,111.194	2035
2036	165,000	2,991.083	23,102.278	2036
2037	170,000	3,251.722	26,354.000	2037
2038	180,000	3,623.000	29,977.000	2038

Average Maturity . . . . . 11.040 Years

\* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" herein.

**OFFICIAL BID FORM**

Honorable President and Board of Directors  
Caddo Basin Special Utility District

April 23, 2019

Members of the Board of Directors:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 10, 2019 of \$2,520,000\* CADDO BASIN SPECIAL UTILITY DISTRICT UTILITY SYSTEM REVENUE BONDS, SERIES 2019, both of which constitute a part hereof.

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

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
9/1/2019	\$ 85,000	_____ %	9/1/2029	\$ 125,000	_____ %
9/1/2020	90,000	_____ %	9/1/2030	130,000	_____ %
9/1/2021	95,000	_____ %	9/1/2031	135,000	_____ %
9/1/2022	95,000	_____ %	9/1/2032	140,000	_____ %
9/1/2023	100,000	_____ %	9/1/2033	145,000	_____ %
9/1/2024	105,000	_____ %	9/1/2034	150,000	_____ %
9/1/2025	105,000	_____ %	9/1/2035	160,000	_____ %
9/1/2026	110,000	_____ %	9/1/2036	165,000	_____ %
9/1/2027	115,000	_____ %	9/1/2037	170,000	_____ %
9/1/2028	120,000	_____ %	9/1/2038	180,000	_____ %

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

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

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

Total Interest Cost	_____ %
Less premium	_____ %
<b>NET INTEREST COST</b>	_____ %
<b>EFFECTIVE INTEREST RATE</b>	_____ %

We are having the Bonds of the following maturities insured by at a premium of \$\_\_\_\_\_ said premium to be paid by the Initial Purchaser. Any fees to be paid to S&P as a result of said insurance will be paid by the District.

The Initial Bonds shall be registered in the name of \_\_\_\_\_, which will, upon payment for the Bonds, be canceled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of the \_\_\_\_\_ Bank, \_\_\_\_\_, in the amount of \$50,400.00, 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.

\* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" herein.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division Wilmington Trust Company, N.A., Dallas, Texas, not later than 10:00 AM, CDT, on May 9, 2019, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

To the extent the Bid Form is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Purchaser hereby verifies that the Purchaser (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Purchaser) does not boycott Israel and, except to the extent required by applicable federal law, will not boycott Israel through the term of the Bid Form. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

As of the date hereof, the Purchaser represents that, to the extent this Bid Form constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser is a company listed by the Texas Comptroller of Public Accounts under Sections 807.051, 2270.0201, or 2252.153 of the Texas Government Code and posted on any of the following pages of such officer's websites:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf> or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

Upon notification of conditional verbal acceptance, the undersigned (unless exempt from the requirements of Texas Government Code Section 2252.908) will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the District. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

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

**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 of the Bonds.**

Respectfully submitted,

Syndicate Members:  
(For Information Only)

\_\_\_\_\_  
Name of Underwriter or Manager

\_\_\_\_\_

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Caddo Basin Special Utility District, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 23th day of April, 2019.

\_\_\_\_\_  
Board President  
Caddo Basin Special Utility District

\$2,520,000\*

CADDO BASIN SPECIAL UTILITY DISTRICT  
UTILITY SYSTEM REVENUE BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of \_\_\_\_\_ (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Caddo Basin Special Utility District (the "Issuer").

1. **Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

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

2. **Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 23, 2019.

(d) *Underwriter* means (i) 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 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds 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 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. 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 Certificate as to Tax Exemption with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*