

**OFFICIAL NOTICE OF SALE**

**\$16,455,000**

**BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY**

(A political subdivision of the State of Texas located within Denton County)

**UNLIMITED TAX ROAD BONDS**

**SERIES 2019**

**BIDS TO BE SUBMITTED BY:**

**1:00 P.M., CENTRAL TIME  
WEDNESDAY, JULY 17, 2019**

**BONDS TO BE AWARDED:**

**6:30 P.M., CENTRAL TIME  
WEDNESDAY, JULY 17, 2019**

This Official Notice of Sale does not alone constitute an invitation for bids, but is merely notice of sale of the bonds described herein. The invitation for such bids is being made by means of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement.

**OFFICIAL NOTICE OF SALE**

\$16,455,000

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY

(A political subdivision of the State of Texas located within Denton County)

UNLIMITED TAX ROAD BONDS

SERIES 2019

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The Board of Supervisors (the "Board") of Belmont Fresh Water Supply District No. 1 of Denton County (the "District") is offering for sale at competitive bid \$16,455,000 Unlimited Tax Road Bonds, Series 2019 (the "Bonds").

METHODS FOR SUBMISSION OF BIDS AND BID FORMS: Bids for the Bonds may be submitted by any one the following methods:

1. Submit bids in writing as described below under "WRITTEN BIDDING PROCEDURE."
2. Submit bids electronically as described below under "ELECTRONIC BIDDING PROCEDURE."
3. Submit bids by telephone as described below under "TELEPHONIC BIDDING PROCEDURE."

All bids must be submitted by 1:00 P.M., Central Time, on Wednesday, July 17, 2019. Any prospective bidder must also submit, by 1:00 P.M., Central Time, on Wednesday, July 17, 2019, signed Official Bid Form(s) to the District's financial advisor, Robert W. Baird & Co. Incorporated (the "Financial Advisor"), as more fully described below. Any bid or bid form submitted after such scheduled time for bid receipt will not be accepted and will be returned unopened. The District will not accept bids by facsimile. See "CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES" for additional requirements concerning submission of bids by certain entities.

WRITTEN BIDDING PROCEDURE: A prospective bidder that intends to submit its bid in writing must do so in accordance with this paragraph. Two (2) sealed bids, which must be submitted on the Official Bid Form and plainly marked "Bid for Bonds," are to be addressed to "President and Board of Supervisors, Belmont Fresh Water Supply District No. 1 of Denton County." The two (2) sealed bids must be submitted on signed Official Bid Forms and delivered, by 1:00 P.M., Central Time, on Wednesday, July 17, 2019, to the office of the Financial Advisor, as follows: Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010. For purposes of the written bidding procedure, the time as maintained by PARITY (described below) shall constitute the official time.

ELECTRONIC BIDDING PROCEDURE: Any prospective bidder intending to submit an electronic bid must do so through the facilities of PARITY and must have first timely and properly submitted signed incomplete bid forms, as provided above. Subscription to i-Deal's BIDCOMP Competitive Bidding System ("BIDCOMP") is required in order to submit an electronic bid through PARITY. By submitting an electronic bid, the bidder is representing that it is a duly authorized subscriber of BIDCOMP and that the District is and shall be an expressed third party beneficiary of such bidder's subscription agreement with DALCOMP, a division of Thomson Information Services, Inc. ("DALCOMP"), and the bidder agrees for the benefit of DALCOMP, the District and its Financial Advisor that its bid submitted through BIDCOMP and PARITY shall be merged with its signed incomplete Official Bid Form and, as merged, shall constitute an irrevocable, valid and enforceable offer to purchase the Bonds on the terms and conditions provided therein and in this Official Notice of Sale, without further signature or action by the bidder. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

Electronic bids must be submitted via PARITY in accordance with this Official Notice of Sale, by 1:00 P.M., Central Time, on Wednesday, July 17, 2019, and no bid will be accepted or considered after such time. To the extent any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY, potential bidders may contact the Financial Advisor to the District or DALCOMP at i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

**For purposes of both the written bid process and 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 net interest cost to the District, as described under “CONDITIONS OF SALE – BASIS OF AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form. Please see “CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES” for additional requirements concerning submission of bids.

**TELEPHONIC BIDDING PROCEDURE:** Any prospective bidder that intends to submit its bid by telephone must submit its bid in accordance with this section. Prior to 1:00 P.M., Central Time, on Wednesday, July 17, 2019, bidders must submit two (2) signed Official Bid Forms, executed by an authorized representative of the bidder, to Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010. Bidders who have provided signed bid forms may thereafter submit bids by telephone on the date of sale by 1:00 P.M., Central Time. Inquiries with respect to this procedure may be directed to Jan Bartholomew of Robert W. Baird & Co. Incorporated at (713) 230-6121.

Jan Bartholomew of Robert W. Baird & Co. Incorporated will call telephone bidders who have submitted signed Official Bid Forms prior to the date of the sale. Contact Jan Bartholomew of Robert W. Baird & Co. Incorporated, on the day of the sale to obtain the phone number.

**LATE BIDS AND IRREGULARITIES:** Robert W. Baird & Co. Incorporated is not authorized and will not be responsible for the submission of any bids made after the time prescribed, nor does the District or Robert W. Baird & Co. Incorporated, assume any responsibility or liability with respect to any irregularities associated with the submission, delivery, or electronic transmission of any bid. **The District and the Board reserve the right to reject any and all bids and to waive any irregularities, except time of filing.**

**AWARD AND SALE OF THE BONDS:** The District will take action to adopt an order (the “Bond Order”) authorizing the issuance and awarding sale of the Bonds or will reject all bids promptly after the opening of bids at 6:30 P.M., Central Time, on Wednesday, July 17, 2019. The Board reserves the right to reject any or all bids and to waive any irregularities, except time of filing. Please note that all bids must comply with the requirement listed in “CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES.”

#### THE BONDS

**DESCRIPTION OF CERTAIN TERMS OF THE BONDS:** The Bonds will be dated and accrue interest from August 1, 2019, with interest payable on March 1, 2020, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form. Principal is payable to the registered owner(s) of the Bonds (the “Bondholder(s)”) upon presentation and surrender at the principal corporate trust office of Regions Bank, an Alabama state banking corporation, in Houston, Texas, the initial paying agent/registrar (the “Paying Agent/Registrar”).

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See “THE BONDS – Book-Entry-Only System” in the Preliminary Official Statement.

The Bonds will mature on March 1 in each of the following years in the following amounts:

| <u>Maturity<br/>(March 1)</u> | <u>Principal<br/>Amount</u> | <u>Maturity<br/>(March 1)</u> | <u>Principal<br/>Amount</u> |
|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| 2020                          | \$410,000                   | 2033                          | \$655,000                   |
| 2021                          | 465,000                     | 2034                          | 680,000                     |
| 2022                          | 475,000                     | 2035                          | 695,000                     |
| 2023                          | 495,000                     | 2036                          | 720,000                     |
| 2024                          | 510,000                     | 2037                          | 745,000                     |
| 2025                          | 520,000                     | 2038                          | 765,000                     |
| 2026                          | 535,000                     | 2039                          | 790,000                     |
| 2027                          | 555,000                     | 2040                          | 820,000                     |
| 2028                          | 565,000                     | 2041                          | 845,000                     |
| 2029                          | 585,000                     | 2042                          | 890,000                     |
| 2030                          | 605,000                     | 2043                          | 920,000                     |
| 2031                          | 620,000                     | 2044                          | 950,000                     |
| 2032                          | 640,000                     |                               |                             |

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

**REDEMPTION PROVISIONS:** The Bonds maturing on and after March 1, 2025, are subject to redemption and payment, at the option of the District, in whole or, from time to time, in part, on March 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption. If fewer than all the Bonds are redeemed at any time, the District shall determine the maturity or maturities and the amounts thereof to be redeemed, in integral multiples of \$5,000 in principal amount, and if fewer than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar shall select by lot or other customary method of random selection the Bonds within such maturity to be redeemed. The holder of any Bond, all or a portion of which has been called for redemption, will be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of such Bond called for redemption and for the issuance of an exchange Bond in a principal amount equal to the portion of the Bond not so redeemed.

**SECURITY FOR PAYMENT:** The Bonds, when issued, will constitute valid and binding obligations of the District, payable solely from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District.

**OTHER TERMS AND COVENANTS:** Other terms of the Bonds and the various covenants of the District contained in the Bond Order are described in the Preliminary Official Statement, to which reference is made for all purposes.

**MUNICIPAL BOND GUARANTY INSURANCE AND RATINGS:** The District has made applications for a commitment for municipal bond insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than that of Moody's Investors Service, Inc. ("Moody's"), if applicable, shall be the obligation of the Underwriter (hereinafter defined). The District will pay the rating fees charged by Moody's. Moody's has assigned an underlying credit rating of "Baa1" to the Bonds.

#### CONDITIONS OF SALE

**TYPES OF BIDS AND INTEREST RATES:** The Bonds will be sold in one block on an "all or none" basis at a price of not less than 97% of the principal amount thereof, plus accrued interest from the date of the Bonds to the date of delivery. Bidders are to name the rates of interest to be borne by the Bonds, provided that each interest rate bid must be a multiple of 1/8th or 1/20th of 1%. All Bonds maturing within a single year must bear the same rate of interest. The net effective interest rate, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended, on the Bonds may not exceed 2% above the Daily Bond Buyer's weekly "20 Bond Index" published over the one month period preceding the sale date of the Bonds. No limitation will

be imposed upon bidders as to the number of rates which may be used, but the highest rate bid may not exceed the lowest rate bid by more than 2-1/2% in interest rate. Each bid shall indicate the total and net interest costs in dollars and the net effective interest rate determined therefrom, which shall be considered informative only and not as a part of the bid.

**BASIS OF AWARD:** For the purpose of awarding sale of the Bonds, the interest cost of each bid will be computed by determining, at the rates specified therein, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the discount bid, if any. Subject to the District's right to reject any or all bids, sale of the Bonds will be awarded to the bidder (the "Underwriter") whose bid, under the above computation, produces the lowest net interest cost to the District. The Board reserves the right to reject any or all bids. In the event of mathematical discrepancies between the interest rate(s) bid and the interest cost determined therefrom, as both appear on the Official Bid Form, the bid will be governed solely by the interest rate(s) bid.

**GOOD FAITH DEPOSIT:** Each bid must be accompanied by a bank cashier's check payable to the order of "Belmont Fresh Water Supply District No. 1 of Denton County" in the amount of \$329,100 which is 2% of the par value of the Bonds (the "Good Faith Deposit"). "Official Checks" will not be accepted. The check of the Underwriter will be considered as the Good Faith Deposit and will be retained un-cashed by the District pending the Underwriter's compliance with the terms of the bid. In the event the Underwriter should fail or refuse to take up and pay for the Bonds in accordance with such terms, then the Good Faith Deposit will be cashed and the proceeds accepted by the District as full and complete liquidated damages. The Good Faith Deposit may accompany the bid or it may be submitted separately; if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as the Good Faith Deposit of bidders named in such instructions. **THE GOOD FAITH DEPOSIT OF THE UNDERWRITER WILL BE RETURNED TO THE UNDERWRITER UNCASHED ON THE DATE OF DELIVERY OF THE BONDS.** No interest will be credited on the Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

**REQUIRED DISCLOSURE OF INTERESTED PARTIES:** Pursuant to Texas Government Code § 2252.908 (the "Interested Party Disclosure Act" or the "Act"), the District may not award the Bonds to a bidder that is a privately held entity unless the bidder, and each privately held syndicate member listed on the Official Bid Form, has provided to the District a completed and signed Texas Ethics Commission Form 1295 ("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-Infom.htm>. The TEC Form 1295, must then be printed and signed, and provided to the District along with the Certification of Filing generated by the TEC (c/o the District's Financial Advisor, Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, [jbartholomew@rwbaird.com](mailto:jbartholomew@rwbaird.com)). In the event that the 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 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, however, the original signed and notarized TEC Form 1295 and Certification of Filing must be physically delivered to the District (c/o Crawford & Jordan LLP, 19 Briar Hollow Lane, Suite 245, Houston, Texas 77027) within two business days of the award. 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 the District's formal name [Belmont Fresh Water Supply District No. 1 of Denton County] and box three is [BFWSD1 - 071719 - RBP]. 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 it bid is the apparent winning bid.

**COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ISRAEL AND CERTAIN COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN OR FOREIGN TERRORIST ORGANIZATIONS:** The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, to the extent the bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of Chapter 2270 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of this bid and through the end of the underwriting period as defined by United States Securities and Exchange Commission Rule 15c2-12, neither the bidder nor a 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.

In *Amawi v. Pflugerville Independent School District* (1:18-cv-01091), the United States District Court for the Western District of Texas issued a preliminary injunction preventing the defendant school district from enforcement of Texas House Bill 89, codified at Texas Government Code § 2270.001 et. seq, or any “No Boycott of Israel” clause (collectively, “Anti-Israel Boycotts”) in any state contract while litigation proceeds. On May 7, 2019, the Governor signed into law House Bill 793 (“HB 793”), effective immediately. HB 793 amends Texas Government Code § 2270.001 to remedy issues raised in *Amawi v. Pflugerville Independent School District*. The District makes no representations on the effects of HB 793 or the final outcome of *Amawi v. Pflugerville Independent School District*. The foregoing verification is being voluntarily made for the purpose of compliance with current state statute pending a final decision on the merits determining the validity of Anti-Israel Boycotts.

**COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH CERTAIN COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATIONS:** The District will not award the Bonds to a bidder unless the bidder certifies that, to the extent the Official Bid Form represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term “foreign terrorist organization” as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code. “Company” means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

**IMPACT OF BIDDING SYNDICATE ON AWARD:** For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Underwriter shall be solely responsible for the payment of the purchase price of the Bonds. The Underwriter 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.

#### OFFICIAL STATEMENT

To assist the Underwriter in complying with Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (“SEC”), the District and the Underwriter contract and agree, by the submission and acceptance of the winning bid, as follows:

**FINAL OFFICIAL STATEMENT:** The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below.

Accordingly, the District intends the Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Underwriter and other similar information, terms and provisions to be specified in the competitive bidding process. The Underwriter shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Underwriter and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Underwriter on or after the sale date, the District intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are being or which will be made by the District are those described and contained in the Official Statement under the caption "OFFICIAL STATEMENT – Certification as to Official Statement."

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to do so will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

DELIVERY OF OFFICIAL STATEMENTS: The District shall furnish to the Underwriter (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Underwriter), within seven (7) business days after the sale date, the aggregate number of Official Statements specified in the winning bid. The District also shall furnish to the Underwriter a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential purchasers of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Underwriter may request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement specified in the winning bid and an equal number of any supplements or amendments issued on or before the delivery date, but the Underwriter shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

#### DELIVERY AND ACCOMPANYING DOCUMENTS

DELIVERY OF INITIAL BOND: Initial delivery of the Bonds ("Initial Delivery") will be as set forth below. Unless otherwise agreed with the Underwriter, delivery will be at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Underwriter will be given five (5) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about August 27, 2019, and subject to the aforesaid notice, it is understood and agreed that the Underwriter will accept delivery and make payment for the Bonds by 10:00 a.m., Central Time, on August 27, 2019, or thereafter on the date the Bonds are tendered for delivery, up to and including September 26, 2019. If for any reason the District is unable to make delivery on or before September 26, 2019, then the District immediately shall contact the Underwriter and offer to allow the Underwriter to extend its offer for an additional thirty (30) days. If the Underwriter does not elect to extend its offer within six (6) days thereafter, then the Good Faith Deposit will be returned, and both the District and the Underwriter shall be relieved of any further obligation.

**EXCHANGE ON DELIVERY DATE:** The Paying Agent/Registrar will, on the delivery date, exchange one initial Bond, in the principal amount of \$16,455,000, delivered by the District for Bonds consisting of one Bond per maturity, registered in the name of Cede & Co., as nominee for DTC, in integral multiples of \$5,000, maturing as set out in this Official Notice of Sale and bearing interest in accordance with the terms of the Underwriter's bid.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses relating to the printing of CUSIP numbers on the Bonds shall be paid for by the District; however, payment of the CUSIP Global Services charge for the assignment of the numbers shall be the responsibility of the Underwriter.

**CONDITIONS TO DELIVERY:** The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Underwriter's receipt of the Bonds, the Underwriter's receipt of the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, and the no-litigation certificate, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE," all as described below. Further, the Underwriter is not obligated to take up and pay for the Bonds at Initial Delivery if at any time after the award of the Bonds and at or prior to Initial Delivery, the Congress of the United States shall have declared war or a national emergency. In addition, if the District fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Underwriter may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**ESTABLISHING THE ISSUE PRICE FOR THE BONDS:** The District 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 District receives bids from at least three 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 District the first prices at which at least 10% of each maturity of the Bonds (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 Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the District with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the Underwriter (as defined in this section) agrees to complete, execute, and timely deliver to the District or to the Financial Advisor, a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Official Notice of Sale, within 5 business days of the Closing Date (as defined herein). In the event the Underwriter will not reoffer any maturity of the Bonds 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 District. It will be the responsibility of the Underwriter 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 Official Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) "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 retail distribution agreement participating in the initial sale of the Bonds 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),
- (iv) "Sale Date" means the date that the Bonds are awarded by the District to the winning bidder, and
- (v) "Closing Date" means August 27, 2019.

All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

The District will consider any bid submitted pursuant to this Official Notice of Sale to be a firm offer for the purchase of the Bonds, 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 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, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds 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 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 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 Bonds of each maturity allocated to it until either all such Bonds 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 Bonds of that maturity. Sales 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.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, 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 District 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.

**LEGAL OPINIONS:** The District will furnish without cost to the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are validly issued under the

Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem property tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to a like effect and to the effect that the interest on the Bonds is excludable from gross income for purposes of federal income taxation and not subject to the alternative minimum tax on individuals. See “LEGAL MATTERS” in the Preliminary Official Statement. Such opinions express no opinion with respect to the sufficiency of the security for or marketability of the Bonds.

DTC DEFINITIVE BONDS: After delivery, the Bonds will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein to the registered owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners (as defined in the Preliminary Official Statement) of the Bonds. Purchase of beneficial interests in the Bonds will be made in book-entry-only form (without registered Bonds) in the denomination of \$5,000 of principal amount or any integral multiple thereof. Under certain limited circumstances described herein, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for one or more fully registered Bonds of like principal amount for the Bonds. See “THE BONDS – Book-Entry-Only System” in the Preliminary Official Statement.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS: The District has not designated the Bonds as “qualified tax-exempt obligations” under Section 265 of the Internal Revenue Code of 1986, as amended.

NO-LITIGATION CERTIFICATE: The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or threatened, either in state, or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest on or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

NO MATERIAL ADVERSE CHANGE: The obligations of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

#### GENERAL CONSIDERATIONS

INVESTMENT CONSIDERATIONS: On the date of delivery of the initial Bonds to the Underwriter, the Bonds are subject to certain investment risks as set forth in the Preliminary Official Statement. Prospective purchasers should review the entire Preliminary Official Statement before making their investment decision. See “INVESTMENT CONSIDERATIONS” in the Preliminary Official Statement.

**RESERVATION OF RIGHTS: The District reserves the right to reject all bids or any bid not conforming with the terms hereof and the right to waive any and all irregularities, except time of filing.**

NOT AN OFFER TO SELL: This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement, and the Official Bid Form.

SECURITIES REGISTRATION AND QUALIFICATION: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws or regulations of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws or regulations of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind

with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

By submission of a bid, the Underwriter represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Underwriter will register or qualify the Bonds in accordance with the securities laws or regulations of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriter's written request and expense, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification, in any jurisdiction where such action is necessary.

CONTINUING DISCLOSURE AGREEMENT: The District will agree in the Bond Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Underwriter's obligation to accept and pay for the Bonds is conditioned upon delivery to the Underwriter or its agent of a certified copy of the Bond Order containing the agreement described under such heading.

ADDITIONAL COPIES: Additional copies of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from Robert W. Baird & Co. Incorporated, 1331 Lamar Street, Suite 1360, Houston, Texas 77010.

/s/ Matthew J. Befort  
President, Board of Supervisors  
Belmont Fresh Water Supply District No. 1 of Denton County

ATTEST:

/s/ Guinn W. Phillips  
Secretary, Board of Supervisors  
Belmont Fresh Water Supply District No. 1 of Denton County

June 19, 2019

## ISSUE PRICE CERTIFICATE

### (Sales where at least 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Underwriter"), with respect to the purchase at competitive sale of the \$16,455,000 Unlimited Tax Road Bonds, Series 2019 (the "Bonds") issued by Belmont Fresh Water Supply District No. 1 of Denton County ("District") 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 Bonds by the Underwriter, the Underwriter's reasonably expected initial offering prices of each maturity of the Bonds 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 Bonds, as attached to this Issue Price Certificate as "SCHEDULE A." The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.

(b) The Underwriter had an equal opportunity to bid to purchase the Bonds, 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 Underwriter constituted a firm bid to purchase the Bonds.

(d) The Purchaser has [\_\_\_]/has not [\_\_\_] purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$\_\_\_\_\_ (net 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 Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that 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 District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds 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 District 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 Bonds, and by McCall, Parkhurst & Horton L.L.P. 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 District from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter 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 this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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

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

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

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

## ISSUE PRICE CERTIFICATE

### (Sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Underwriter"), with respect to the purchase at competitive sale of the \$16,455,000 Unlimited Tax Road Bonds, Series 2019 (the "Bonds") issued by Belmont Fresh Water Supply District No. 1 of Denton County ("District") hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds 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 Bonds having the same credit and payment terms ("Maturity") was sold on the date of sale of the Bonds (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 Bonds that is attached to this Issue Price Certificate as "SCHEDULE A."

(b) On or before the Sale Date, the Underwriter 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 Official Notice of Sale, the Underwriter 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 (5<sup>th</sup>) business day after the Sale Date or the date on which the Underwriter sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds 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 Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$\_\_\_\_\_ (net 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 Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that 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 District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds 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 District 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 Bonds, and by McCall, Parkhurst & Horton L.L.P. 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 District from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter 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 this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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

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

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

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



**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

**OFFICIAL BID FORM**

July 17, 2019

President and Board of Supervisors  
 Belmont Fresh Water Supply District No. 1 of Denton County  
 c/o Robert W. Baird & Co. Incorporated  
 Attn: Jan Bartholomew  
 1331 Lamar Street, Suite 1360  
 Houston, Texas 77010

Board Members:

We have read in detail the Official Notice of Sale and Preliminary Official Statement, which are hereby made a part hereof, of Belmont Fresh Water Supply District No. 1 of Denton County (the "District") relating to its \$16,455,000 Unlimited Tax Road Bonds, Series 2019 (the "Bonds"). We realize that the Bonds involve certain investment risks and that the ability of the District to service the Bonds depends, in part, on the investment considerations set forth in the Preliminary Official Statement dated June 19, 2019. We have made such inspections and investigations as we deem necessary relating to the investment quality of the Bonds. Accordingly, we offer to purchase the Bonds for a cash price of \$\_\_\_\_\_ (which represents \_\_\_\_\_% of the principal amount thereof), plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds bear interest at the following rates:

| <u>Maturity<br/>(March 1)</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>(March 1)</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> |
|-------------------------------|-----------------------------|--------------------------|-------------------------------|-----------------------------|--------------------------|
| 2020(a)                       | \$410,000                   | _____%                   | 2033(a)(b)                    | \$655,000                   | _____%                   |
| 2021(a)                       | 465,000                     | _____%                   | 2034(a)(b)                    | 680,000                     | _____%                   |
| 2022(a)                       | 475,000                     | _____%                   | 2035(a)(b)                    | 695,000                     | _____%                   |
| 2023(a)                       | 495,000                     | _____%                   | 2036(a)(b)                    | 720,000                     | _____%                   |
| 2024(a)                       | 510,000                     | _____%                   | 2037(a)(b)                    | 745,000                     | _____%                   |
| 2025(a)(b)                    | 520,000                     | _____%                   | 2038(a)(b)                    | 765,000                     | _____%                   |
| 2026(a)(b)                    | 535,000                     | _____%                   | 2039(a)(b)                    | 790,000                     | _____%                   |
| 2027(a)(b)                    | 555,000                     | _____%                   | 2040(a)(b)                    | 820,000                     | _____%                   |
| 2028(a)(b)                    | 565,000                     | _____%                   | 2041(a)(b)                    | 845,000                     | _____%                   |
| 2029(a)(b)                    | 585,000                     | _____%                   | 2042(a)(b)                    | 890,000                     | _____%                   |
| 2030(a)(b)                    | 605,000                     | _____%                   | 2043(a)(b)                    | 920,000                     | _____%                   |
| 2031(a)(b)                    | 620,000                     | _____%                   | 2044(a)(b)                    | 950,000                     | _____%                   |
| 2032(a)(b)                    | 640,000                     | _____%                   |                               |                             |                          |

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

| <u>Term Bond<br/>Maturity Date<br/>(March 1)</u> | <u>Year of First<br/>Mandatory<br/>Redemption</u> | <u>Principal Amount<br/>of Term Bonds</u> | <u>Interest<br/>Rate</u> |
|--|---|---|--------------------------|
| _____  | _____   | \$ _____                                  | _____%                   |
| _____  | _____   | _____                                     | _____%                   |
| _____  | _____   | _____                                     | _____%                   |
| _____  | _____   | _____                                     | _____%                   |
| _____  | _____   | _____                                     | _____%                   |
| _____  | _____   | _____                                     | _____%                   |
| _____  | _____   | _____                                     | _____%                   |

(b) The District reserves the right to redeem prior to maturity those Bonds maturing on and after March 1, 2025, in whole or, from time to time in part, on March 1, 2024, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

As part of our bid, we agree []/disagree [] to pay the premium in the amount of \$\_\_\_\_\_ for the municipal bond guaranty insurance issued by \_\_\_\_\_ and the rating agency fee(s) of \_\_\_\_\_ in the amount of \$\_\_\_\_\_.

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

|   |          |
|---|----------|
| Total Interest Cost from August 1, 2019 .....                                 | \$ _____ |
| Plus: Dollar Amount of Discount <u>OR</u> Less: Dollar Amount of Premium..... | \$ _____ |
| NET INTEREST COST .....   | \$ _____ |
| NET EFFECTIVE INTEREST RATE .....   | _____ %  |

We will require \_\_\_\_\_ copies of the final Official Statement for dissemination to potential purchasers of the Bonds (not to exceed 250 copies). By our submission of this bid, we agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and to undertake the obligations of the Underwriter described therein, as contemplated by Rule 15c2-12 of the United States Securities and Exchange Commission.

By executing this Official Bid Form, the undersigned hereby represents and certifies that the bidder [is] [is not] a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity for the purposes of Texas Government Code Section 2252.908. The undersigned acknowledges and understands that the District may not accept this bid until it has received from the bidder, if that bidder is a privately held business entity, a completed and signed Texas Ethics Commission Form 1295 complete with a certificate number assigned by the Texas Ethics Commission ("TEC"), pursuant to Texas Government Code § 2252.908 and the rules promulgated thereunder by the TEC. The undersigned understands that failure to provide said form complete with a certificate number assigned by the TEC as provided for in the Official Notice of Sale will result in a non-conforming bid and will prohibit the District from considering this bid for acceptance.

The initial Bonds shall be registered in the name of Cede & Co. We will advise DTC of registration instructions at least five business days prior to the date for Initial Delivery.

Cashier's Check No. \_\_\_\_\_, issued by \_\_\_\_\_, \_\_\_\_\_, Texas, and payable to your order in the amount of \$329,100 (is attached hereto) (has been made available to you prior to the opening of this bid) as a Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions stated in the Official Notice of Sale, this check shall be cashed and the proceeds retained by the District as complete liquidated damages against the Underwriter. The Good Faith Deposit will be returned to the Underwriter uncashed on the date of delivery of the Bonds.

We agree to accept delivery of and make payment for the initial Bond in immediately available funds at the corporate trust office of Regions Bank, an Alabama state banking corporation, in Houston, Texas, not later than 10:00 a.m., Central Time, on August 27, 2019, or thereafter, on the date the Bonds are tendered for delivery pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We hereby represent that sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdictions in which the Bonds are offered or sold.

By executing this Official Bid Form, the bidder represents and verifies that, to the extent this bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of Chapter 2270 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of

this bid and through the end of the underwriting period as defined by United States Securities and Exchange Commission Rule 15c2-12, neither the bidder nor a 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.

Additionally, by executing this Official Bid Form, the bidder also represents and certifies that, to the extent this bid for the Bonds represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of this bid, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Respectfully submitted,

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

By:

\_\_\_\_\_

Authorized Representative

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby in all things accepted by Belmont Fresh Water Supply District No. 1 of Denton County this 17<sup>th</sup> day of July, 2019.

ATTEST:

\_\_\_\_\_  
Secretary, Board of Supervisors

\_\_\_\_\_  
President, Board of Supervisors

Return of \$329,100 Good Faith Deposit is hereby acknowledged:

Firm: \_\_\_\_\_

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

Date: \_\_\_\_\_

**\$16,455,000**

**BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY**

**UNLIMITED TAX ROAD BONDS**

**SERIES 2019**

**BOND YEARS**

Interest accrues from: August 1, 2019

Due: March 1

| <u>Year</u>       | <u>Amount</u> | <u>Bond Years</u> | <u>Accumulated<br/>Bond Years</u> |
|-------------------|---------------|-------------------|-----------------------------------|
| 2020              | \$410,000     | 239.1667          | 239.1667                          |
| 2021              | 465,000       | 736.2500          | 975.4167                          |
| 2022              | 475,000       | 1,227.0833        | 2,202.5000                        |
| 2023              | 495,000       | 1,773.7500        | 3,976.2500                        |
| 2024              | 510,000       | 2,337.5000        | 6,313.7500                        |
| 2025              | 520,000       | 2,903.3333        | 9,217.0833                        |
| 2026              | 535,000       | 3,522.0833        | 12,739.1667                       |
| 2027              | 555,000       | 4,208.7500        | 16,947.9167                       |
| 2028              | 565,000       | 4,849.5833        | 21,797.5000                       |
| 2029              | 585,000       | 5,606.2500        | 27,403.7500                       |
| 2030              | 605,000       | 6,402.9167        | 33,806.6667                       |
| 2031              | 620,000       | 7,181.6667        | 40,988.3333                       |
| 2032              | 640,000       | 8,053.3333        | 49,041.6667                       |
| 2033              | 655,000       | 8,897.0833        | 57,938.7500                       |
| 2034              | 680,000       | 9,916.6667        | 67,855.4167                       |
| 2035              | 695,000       | 10,830.4167       | 78,685.8333                       |
| 2036              | 720,000       | 11,940.0000       | 90,625.8333                       |
| 2037              | 745,000       | 13,099.5833       | 103,725.4167                      |
| 2038              | 765,000       | 14,216.2500       | 117,941.6667                      |
| 2039              | 790,000       | 15,470.8333       | 133,412.5000                      |
| 2040              | 820,000       | 16,878.3333       | 150,290.8333                      |
| 2041              | 845,000       | 18,237.9167       | 168,528.7500                      |
| 2042              | 890,000       | 20,099.1667       | 188,627.9167                      |
| 2043              | 920,000       | 21,696.6667       | 210,324.5833                      |
| 2044              | 950,000       | 23,354.1667       | 233,678.7500                      |
| Total Bond Years: | 233,678.7500  |                   |                                   |
| Average Maturity: | 14.2011 years |                   |                                   |