

*This Official Notice of Sale does not alone constitute an offer to sell but is merely a notice of sale of the 2020B Taxable Bonds described herein. The offer to sell such bonds is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.*

## **OFFICIAL NOTICE OF SALE**



**\$163,785,000\***  
**BOARD OF REGENTS OF**  
**THE UNIVERSITY OF HOUSTON SYSTEM**  
**CONSOLIDATED REVENUE AND REFUNDING BONDS,**  
**SERIES 2020B**  
**(TAXABLE)**

**Bids Will Be Accepted Until and Opened on**  
**January 22, 2020 at 11:00 A.M. Central**  
**Time**

\*Preliminary, subject to change. (see - "Advance Modification of Principal Amounts" and "Post Bid Modification of Principal Amounts")

## OFFICIAL NOTICE OF SALE

### ***Bonds Offered For Sale***

The Board of Regents (the “Board”) of the University of Houston System (the “System”) is offering for sale \$163,785,000\* Consolidated Revenue and Refunding Bonds, Series 2020B (Taxable) (the “2020B Taxable Bonds”). Bidders may submit bids for the 2020B Taxable Bonds by any of the following methods:

- (1) Deliver bids directly to the System as described below in “Bids Delivered to the System,”
- (2) Submit bids electronically as described below in “Electronic Bidding Procedures,” or

### ***Bids Delivered to the System***

Sealed bids, plainly marked “Bid for 2020B Bonds” should be addressed to “The University of Houston System” and delivered in care of Drew Masterson, Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, (the System’s Financial Advisor) prior to 11:00 A.M., Central Time, on January 22, 2020 (the “Sale Date”). Each bid must be submitted in duplicate on the Official Bid Form. Any bid received after such scheduled time for bid opening will not be accepted and will be returned unopened. A complete list of members of the group submitting the bid must be attached to each bid.

### ***Electronic Bidding Procedures***

Electronic bids must be submitted prior to Sale Time (11:00 A.M., Central Time, January 22, 2020). Electronic bids must be submitted through the facilities of PARITY. Bids may be submitted until 11:00 A.M., Central Time on January 22, 2020. Subscription to the I-Deal LLC’s BidCOMP Competitive Bidding System is required in order to submit an electronic bid. **Bidders submitting an electronic bid do NOT need to submit signed bid forms prior to the Sale Time.**

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the 2020B Taxable 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 System. The System 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 at the sole risk of the prospective bidder.

For purposes of both the written sealed 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 true interest cost to the System, as described under “Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

**The System will not accept bids by telephone or facsimile.**

### ***Place and Time of Bid Opening***

The Board has appointed the Chairman or Vice Chair of the Finance and Administration Committee as the pricing officer (the “Pricing Officer”) who will open and publicly read the bids to purchase the 2020B Taxable Bonds at Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, after 11:00A.M., Central Time, on January 22, 2020, immediately after receipt of the bids.

### ***Withdrawal of the Bids***

Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for three hours after the time for receipt of the bids. The award or rejection of bids will occur within such three hour period of time.

\* Preliminary, subject to change. (see - “Advance Modification of Principal Amounts” and “Post Bid Modification of Principal Amounts”)

### ***Postponement of Sale Date***

The Board, through the Pricing Officer, reserves the right to postpone to a later date and/or time (the “Postponed Sale Date”), the date and/or time for the receipt of sealed bids by giving notice of such postponement via Bond Buyer Wire Service, and by posting a notice of such postponement at the place established for receipt of bids, not later than 11:00 A.M., Central Time, on January 22, 2020. At least 12 hours prior to the establishment of time and date of the Postponed Sale Date, Masterson Advisors LLC, as Financial Advisor to the Board, will communicate, via Bond Buyer Wire Service the date and time for submission of bids on such Postponed Sale Date. Such notice shall be considered an amendment to this Official Notice of Sale.

### ***Advance Modification of Principal Amounts***

The Board, through the Pricing Officer, reserves the right to change the Principal Amounts in each maturity by giving notice of such change, via Bond Buyer Wire Service, and PARITY at least 24 hours in advance of the time set for receipt set for bids. Such notice shall be considered an amendment to this Official Notice of Sale.

### ***Post Bid Modification of Principal Amounts***

After the receipt of bids, but prior to the receipt of the 2020B Taxable Bonds, the Board, through the Pricing Officer, reserves the right to amend the Principal Amounts in each maturity by up to 15%. Such modifications of Principal Amounts will be disclosed to the winning bidder within one hour of the time set of receipt of the bids and will be made with consideration to preserving the winning bidders underwriting production per bond.

### ***Award of the 2020B Taxable Bonds***

On November 14, 2019, the Board adopted a resolution (the “Resolution”) authorizing the Pricing Officer to accept bids and award the sale of the 2020B Taxable Bonds; approving the Official Statement, which will be an amended form of the Preliminary Official Statement; and authorizing the issuance of the 2020B Taxable Bonds. On the Sale Date, the Pricing Officer, acting for the Board, will take prompt action to award the sale of the 2020B Taxable Bonds or reject all bids, subject to the terms of the Resolution. The Pricing Officer, acting for the Board, also reserves the right to waive, without limitation, any irregularity or informality with respect to any bid, except the time of receipt of bids.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## THE 2020B TAXABLE BONDS

### *Interest Payments, Maturities, and Redemption*

The 2020B Taxable Bonds are expected to be delivered on February 19, 2020 (the “Delivery Date”). Interest on the 2020B Taxable Bonds will accrue from the Delivery Date, and will be issued in fully registered form in integral multiples of \$5,000. Wells Fargo Bank, N.A. will be the initial paying agent/registrar (the “Paying Agent/Registrar”). Interest on the 2020B Taxable Bonds will be payable on August 15, 2020 and on each February 15 and August 15 thereafter until maturity or redemption. Principal will be payable upon presentation of the 2020B Taxable Bonds to the Paying Agent/Registrar at maturity or upon prior redemption. The 2020B Taxable Bonds will mature on February 15 of each year either through serial maturities or sinking fund redemptions as follows:

| <u>Maturity</u><br><u>February 15</u> | <u>Principal</u><br><u>Amount*</u> | <u>Maturity</u><br><u>February 15</u> | <u>Principal</u><br><u>Amount*</u> |
|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|
| 2021                                  | \$ 3,080,000                       | 2037                                  | \$ 7,430,000                       |
| 2022                                  | 3,130,000                          | 2038                                  | 3,885,000                          |
| 2023                                  | 4,890,000                          | 2039                                  | 4,020,000                          |
| 2024                                  | 5,000,000                          | 2040                                  | 4,155,000                          |
| 2025                                  | 5,110,000                          | 2041                                  | 2,895,000                          |
| 2026                                  | 6,050,000                          | 2042                                  | 2,995,000                          |
| 2027                                  | 6,195,000                          | 2043                                  | 3,100,000                          |
| 2028                                  | 6,005,000                          | 2044                                  | 3,210,000                          |
| 2029                                  | 5,685,000                          | 2045                                  | 3,325,000                          |
| 2030                                  | 10,730,000                         | 2046                                  | 3,445,000                          |
| 2031                                  | 10,405,000                         | 2047                                  | 3,570,000                          |
| 2032                                  | 10,720,000                         | 2048                                  | 1,725,000                          |
| 2033                                  | 11,060,000                         | 2049                                  | 1,785,000                          |
| 2034                                  | 8,490,000                          | 2050                                  | 1,850,000                          |
| 2035                                  | 8,745,000                          | 2051                                  | 1,920,000                          |
| 2036                                  | 7,190,000                          | 2052                                  | 1,990,000                          |

### *Serial Bonds and/or Term Bonds*

Bidders may provide that all the 2020B Taxable 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 Redemption*

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such term bond and continuing on February 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the table above under the caption “Interest Payments, Maturities and Redemption.” 2020B Taxable Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the 2020B Taxable Bonds then subject to redemption. The Board, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption which have been purchased and canceled by the Board or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

### *Optional Redemption*

2020B Taxable Bonds maturing on or after February 15, 2031, are subject to redemption prior to maturity at the option of the Board, in whole or in part, on February 15, 2030, or any date thereafter, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

\* Preliminary, subject to change. (see - “Advance Modification of Principal Amounts” and “Post Bid Modification of Principal Amounts”)

If less than all of the 2020B Taxable Bonds are to be so redeemed, the Board may select the maturity or maturities to be redeemed. If less than all of the 2020B Taxable Bonds of any maturity are to be redeemed, the particular 2020B Taxable Bonds or portions thereof of such maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method in integral multiples of \$5,000. In selecting for redemption portions of 2020B Taxable Bonds in denominations greater than \$5,000, each such Bond will be treated as representing that number of 2020B Taxable Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such 2020B Taxable Bonds by \$5,000.

### ***Denominations and Registration***

The 2020B Taxable Bonds will be issued in fully registered form in denominations or principal amounts of \$5,000, or integral multiples thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee of the Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2020B Taxable Bonds.

### ***Sources of Payment***

The 2020B Taxable Bonds are special obligations of the System payable solely from and secured by the Pledged Revenues, including the Pledged Tuition and certain other legally available funds of the Board pursuant to Chapter 55, Texas Education Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended, as described in the Preliminary Official Statement.

## **CONDITIONS OF SALE**

### ***Types of Bids and Interest Rates***

The 2020B Taxable Bonds will be sold in one block on an “All or None” basis, at a **price of 100% of the total par value**. The principal amounts listed herein were calculated assuming a bid price of 100%. Bidders are invited to name the rate(s) of interest to be borne by each of the 2020B Taxable Bonds, provided that each interest rate bid is in a multiple of 1/100 of 1% and the highest interest rate bid does not exceed the lowest interest rate bid by more than 5% in interest rate. No limitation is imposed upon bidders as to the number of interest rates or changes which may be used; however, all Bonds of one maturity must bear the same interest rate. Each Bidder shall state in its bid the “True Interest Cost Rate” (described below) of its bid, which shall be considered informative only and not part of the bid.

### ***Basis of Award***

The sale of the 2020B Taxable Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost Rate to the System. The True Interest Cost Rate is that annual rate which, when used to compute the total present value as of the delivery date of the 2020B Taxable Bonds of all debt service payments on the 2020B Taxable Bonds on the basis of semi-annual compounding, using a 360-day year composed of 12 consecutive 30-day months, produces an amount equal to the sum of the par value of the 2020B Taxable Bonds plus any premium bid. For the purpose of calculating the True Interest Cost Rate, the principal amount of Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity in each year. In the event of the bidder’s error in interest cost calculations, the interest rates set forth in the Official Bid Form will be considered as the intended bid.

### ***Good Faith Check***

Each bid must be accompanied by a bank cashier's or bank certified check (the “Good Faith Check”) payable to the order of “Board of Regents of the University of Houston System,” in the amount of \$1,637,850. The Good Faith Check may accompany the Official Bid Form or may be submitted separately. If submitted separately, it shall be made available to the System prior to the opening of the bids and shall be accompanied by instructions by the bank on which drawn authorizing its use as a Good Faith Check by the bidder(s) which shall be named in such instructions. The Good Faith Check of the initial purchaser(s) for the 2020B Taxable Bonds (the “Initial Purchaser”) will be retained uncashed by the System pending the Initial Purchaser's compliance with

the terms of its bid and this Official Notice of Sale. Upon payment of the par value of the 2020B Taxable Bonds, plus any bid premium (the “Full Purchase Price”), the Good Faith Check will not be negotiated and will be returned, without endorsement or alteration, to the Initial Purchaser. No interest will be allowed on the Good Faith Check. If the Initial Purchaser should fail or refuse to pay the Full Purchase Price, then the Good Faith Check will be cashed and the proceeds accepted by the System as full and complete liquidated damages. Good Faith Checks accompanying bids other than the bid of the Initial Purchaser will be returned promptly following the award of the sale of the 2020B Taxable Bonds.

## **DELIVERY OF BONDS AND ACCOMPANYING DOCUMENTS**

### ***Place and Time and Delivery***

Prior to delivery, the 2020B Taxable Bonds will be approved by the Attorney General of Texas and registered by the Comptroller of Public Accounts of the State of Texas. The delivery of the 2020B Taxable Bonds will be made through the facilities of DTC. Payment of the Full Purchase Price must be made in immediately available funds as directed by the System. The Initial Purchaser will be given six calendar days’ notice of the date fixed for delivery. It is anticipated that delivery can be made on or about February 19, 2020, or thereafter on the date the 2020B Taxable Bonds are tendered for delivery, up to and including March 18, 2020. If for any reason the System is unable to make delivery on or before March 18, 2020, then the System shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional 30 days. If the Initial Purchaser does not elect to extend its offer within five business days thereafter, then its Good Faith Check will be returned, and both the System and the Initial Purchaser shall be relieved of any further obligation. In no event shall the System be liable for any damages by reason of its failure to deliver the 2020B Taxable Bonds.

### ***CUSIP Numbers***

It is anticipated that CUSIP identification numbers will be assigned to the 2020B Taxable Bonds but neither the failure to assign such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Initial Purchaser to accept delivery of and pay for the 2020B Taxable Bonds in accordance with the terms of this Official Notice of Sale and Official Bid Form. The CUSIP Service Bureau charge for the assignment of the CUSIP numbers shall be borne by the Initial Purchaser.

### ***Conditions to Delivery***

The obligation of the Purchaser to take up and pay for the 2020B Taxable Bonds is subject to the Purchaser's receipt of (a) the legal opinion of Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel for the System (“Bond Counsel”), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

### ***Additional Condition of Award – Disclosure of Interested Party Form***

Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the System may not award the 2020B Taxable Bonds to a bidder unless the winning bidder and each syndicate member listed on the Official Bid Form submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the System as prescribed by the Texas Ethics Commission (“TEC”). In the event that the bidder’s bid for the 2020B Taxable Bonds conforms to the specifications herein and is the best bid received, the System, acting through its financial advisor, will promptly notify the bidder. The apparent winning bidder and each syndicate member listed on the Official Bid Form must have submitted a completed Disclosure Form, as described below, not later than 4 hours after the deadline for the submission of bids in order for System to complete the formal award. If the apparent winning bidder and each syndicate member listed on the Official Bid Form fails to file the Disclosure Form within the time period described in the previous sentence, the System reserves the right to notify the apparent winning bidder and each syndicate member listed on the Official Bid Form that their bid has been rejected and award the sale to the next lowest bidder.

For purposes of completing the Disclosure Form, reference is made to the following information needed to complete it: (a) item 2 – name of governmental entity – “University of Houston System” and (b) item 3 – the identification number and description of the goods or services assigned to this contract by the System – “UH System – 2020B – B”. The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require a business entity contracting with the System to (i) complete the Disclosure Form electronically at [www.ethics.state.tx.us](http://www.ethics.state.tx.us) and (ii) print, sign and deliver, in physical form, the Disclosure Form and certification of filing that is generated by the TEC’s “electronic portal” to the System. Following the electronic filing with the TEC, the winning bidder and each syndicate member listed on the Official Bid Form must submit an electronic copy of their completed Disclosure Form and certification of filing to System at: [RBartlett@Central.UH.edu](mailto:RBartlett@Central.UH.edu) and [drew.masterson@mastersonadvisors.com](mailto:drew.masterson@mastersonadvisors.com). Originals of the completed Disclosure Form and the certification of filing must be physically delivered to the System within 2 business days of the award at the following address: 4302 University Drive, Room 226, Houston, Texas 77204, Attn.: Raymond Bartlett

In accordance with the Interested Party Disclosure Act, the information reported by the bidder and each syndicate member listed on the Official Bid Form **MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP**. No exceptions may be made to that requirement. Time will be of the essence in submitting the form to the System, and no award will be made by the System of the 2020B Taxable Bonds until a completed Disclosure Form is received. The System reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the System nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder and each syndicate member listed on the bid form with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the 2020B Taxable 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 System that its bid is the conditional winning bid.

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

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 (the “NBI Injunction”) preventing the defendants, including the State of Texas, from enforcing Texas Government Code § 2270.001 et. seq. or any “No Boycott of Israel” clause in any state contract while litigation proceeds. On May 7, 2019, House Bill 793, 86th Texas Legislature, Regular Session, became law, amending Texas Government Code § 2270.001 et seq., now codified at Texas Government Code § 2271.001 et seq., to remedy issues raised in *Amawi v. Pflugerville Independent School District*. On May 10, 2019, the Texas Attorney General filed a Motion to Stay the NBI Injunction with the United States Court of Appeals for the Fifth Circuit. In light of the foregoing recent developments, the following representation is provided by the Underwriter to avoid any uncertainty regarding the authority of the System. Pursuant to Chapter 2270, Texas Government Code, the System will not award the 2020B Bonds to a bidder unless the bidder verifies that, at the time of execution and delivery of its bid and, except to the extent otherwise required by applicable federal law, to the date of the delivery of the Bonds, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts or will boycott Israel. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended. Such verification is included in the Official Bid Form attached to this Notice of Sale.

Further, by submission of a bid, and as a condition of the award and delivery of the 2020B Bonds, the bidder must represent that, pursuant to Section 2252.152 of the Texas Government Code, and except to the extent otherwise required or permitted by or under federal law, neither the bidder, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the bidder (i) engages in business with Iran, Sudan, or foreign terrorist organizations as defined in Section 2252.151(2), Texas Government Code or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.133 of the Texas Government Code. At the request of the System, the bidder agrees to execute further written certification as may be necessary or convenient for the System to establish compliance with these laws.

***Legal Opinion***

The 2020B Taxable 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 2020B Taxable Bonds is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the 2020B Taxable Bonds are valid and binding obligations of the System.

***No-Litigation Certificate***

An official of the System will execute for the System and deliver to the Initial Purchaser, a no-litigation certificate dated as of the date of delivery providing that no litigation of any kind has been filed or is then pending which would (1) restrain or enjoin the issuance or delivery of the 2020B Taxable Bonds, (2) affect the provisions made for payment of the 2020B Taxable Bonds or interest thereon, or (3) question the validity of the 2020B Taxable Bonds.

***Official Statement Certificate***

At the time the 2020B Taxable Bonds are delivered, the Initial Purchaser shall receive a certificate or certificates, dated as of the date of the delivery, signed on behalf of the System by an authorized officer of the System, acting solely in his or her official capacity, substantially to the effect that to the best of his or her knowledge and belief, as of the date of the delivery of the 2020B Taxable Bonds, the Official Statement, as then supplemented or amended, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In rendering such certificate, the person executing it may state that he or she has relied on his or her examination of the records of the System relating to matters within his or her own area of responsibility, and his or her discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the System as to matters within their respective areas of responsibility.

### ***No Material Adverse Change***

The Initial Purchaser's obligation to pay for the 2020B Taxable Bonds will be subject to the condition that at the time the 2020B Taxable Bonds are delivered and paid for, the System has suffered no material adverse change (financial or otherwise) from that condition described in the Official Statement as it may have been supplemented or amended through the Sale Date.

### ***Continuing Disclosure***

The Board has agreed in the Resolution to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 (the "Rule"), all as described in the Official Statement under "CONTINUING DISCLOSURE." The Initial Purchaser's obligation to accept and pay for the 2020B Taxable Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a copy of the Resolution containing the agreement described under such caption in addition to the other documents described under "Conditions to Delivery" above. The System has previously entered into continuing disclosure agreements for its Outstanding Parity Bonds issued after 1996. The System has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## **OFFICIAL STATEMENT**

By accepting the winning bid, the System agrees to the following representations and covenants to assist the Initial Purchaser in complying with the Rule.

### ***Final Official Statement***

The System has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the 2020B Taxable Bonds but will not prepare any other document or version for such purpose except as described below. The System will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the 2020B Taxable Bonds, and the Initial public offering yields as set forth in the Certificate of Initial Purchaser, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The System does not intend to amend or supplement the Official Statement otherwise, except to reflect the pricing of the 2020B Taxable Bonds, and to take into account certain subsequent events, if any, as described below. Accordingly, the System deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the subparagraph (b)(1) of the Rule, except for the omission of the foregoing items. By delivering the Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the Sale Date, the System represents the same to be complete as of the Sale Date, within the meaning of subparagraph (f)(3) of the Rule.

### ***Changes to Official Statement***

If, subsequent to the Sale Date, the System learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the System will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the 2020B Taxable Bonds as described herein. See "DELIVERY OF BONDS AND ACCOMPANYING DOCUMENTS--Conditions to Delivery." The obligation of the System to do so will terminate when the System delivers the 2020B Taxable Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the System that less than all of the 2020B Taxable Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not for more than 90 days after the Sale Date) until all of the 2020B Taxable Bonds have been sold to ultimate customers.

### ***Delivery of Official Statements***

The System will furnish to the Initial Purchaser (and to each other participating underwriter of the 2020B Taxable Bonds, within the meaning of Subsection (a) of the Rule, designated by the Initial Purchaser), within seven business days after the Sale Date, at the request of the Initial Purchaser, the aggregate number of Official Statements the Initial Purchaser instructs the System are necessary to comply with the Rule. The System will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the System for dissemination to potential purchasers of the 2020B Taxable Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request



prior to the 90th day after the end of the underwriting period referred to in Subsection (f)(2) of the Rule. The System will pay the expense of preparing up to 150 copies of the Official Statement and 150 copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all additional copies of the Official Statement or any supplement or amendment thereto.

## **GENERAL CONSIDERATIONS**

### ***Municipal Bond Ratings***

The presently outstanding consolidated revenue debt of the System is rated “Aa2” by Moody's Investors Service, Inc. (“Moody's”) and “AA” by S&P Global Ratings (“S&P”). The System will pay the cost of the ratings from Moody's and S&P.

### ***Minority and Women Business Participation***

The Texas Education Code requires that the board of regents of each Texas institution of higher education (including the System) make a good-faith effort to award to minority-owned and women-owned businesses: (1) contracts relating to the issuance of bonds by the board in the amount of at least 25% of the total costs of issuing those bonds and (2) contracts for the items to be financed by bonds issued by the board in the amount of at least 25% of the proceeds of those bonds. A copy of this legislation will be provided, upon request, to any potential bidders for the 2020B Taxable Bonds.

The Board encourages women-owned and minority-owned enterprises to submit bids for the 2020B Taxable Bonds. Each senior manager of any underwriting syndicate that submits a bid for the 2020B Taxable Bonds is strongly encouraged to include certified women-owned and minority-owned business enterprises in this syndicate. As used herein, “minority-owned business” means a business entity at least 51% of which is owned by members of a minority group and is managed and, in daily operations, is controlled by minority group members. “Minority group members” include African-Americans and Americans of Hispanic origin, Asian Americans and American Indians. “Women-owned business” means a business entity at least 51% of which is owned by women or, in the case of a corporation, at least 51% of the shares are owned by women, and that is managed and controlled by women in its daily operations.

Bids shall contain the following certification which shall be executed by the bidder (the senior managing underwriter may make the certification on behalf of the syndicate):

### ***Minority and Women Business Participation and Good Faith Efforts.***

Bidder certifies to all of the following:

- (1) Bidder is aware of the Board's participation goals for Minority and Women Businesses.
- (2) Bidder is aware that it must demonstrate “good faith efforts” to the Board to comply with the Minority and Women Business goals.
- (3) Initial Purchaser agrees that if it is awarded the 2020B Taxable Bonds it will file with the System, within five business days after the sale, a report, in substantially the form attached to this Notice of Sale, indicating (a) its efforts in obtaining participation of minority and/or women owned firms in the syndicate, and (b) the actual level of each firm's participation specifically including minority and/or women owned firms in the syndicate.

### ***Blue Sky Laws***

The System has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the 2020B Taxable Bonds under any applicable legal investment, insurance, banking or other laws.

By submitting a bid, the Initial Purchaser represents that the sale of the 2020B Taxable Bonds in states other than Texas will be made only under exemptions from registration or, wherever necessary, the Initial Purchaser will register such Bonds in accordance with the securities laws of the state in which the 2020B Taxable Bonds are offered or sold. The System agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the 2020B Taxable Bonds or obtaining an exemption from registration in any state where such action is necessary but will not consent to service of process in any such jurisdiction.

***Severability***

In case any provision herein, or application thereof, shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or applications shall not in any way be affected or impaired thereby.

***Additional Copies***

Additional copies of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from the undersigned or from Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046.

**OFFICIAL BID FORM**

**For the Purchase of**

**\$163,785,000\***

**BOARD OF REGENTS OF  
THE UNIVERSITY OF HOUSTON SYSTEM  
CONSOLIDATED REVENUE AND REFUNDING BONDS, SERIES 2020B  
(TAXABLE)**

Form 1295 Identification Number: \_\_\_\_\_

We agree to purchase, individually and on behalf of the persons set forth on the attached list, the entire \$163,785,000\* Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds, Series 2020B (Taxable) (the “2020B Taxable Bonds”) described in the Official Notice of Sale and Preliminary Official Statement, dated January 10, 2020, **price of 100% of the total par value**, provided the 2020B Taxable Bonds bear interest at the rate or rates and in the form of serial bonds or term bonds with mandatory sinking fund redemptions as follows:

| <u>Maturity</u><br><u>February 15</u> | <u>Principal</u><br><u>Amount*</u> | <u>Interest</u><br><u>Rate</u> | <u>Maturity</u><br><u>February 15</u> | <u>Principal</u><br><u>Amount*</u> | <u>Interest</u><br><u>Rate</u> |
|---------------------------------------|------------------------------------|--------------------------------|---------------------------------------|------------------------------------|--------------------------------|
| 2021                                  | \$ 3,345,000                       | _____ %                        | 2037                                  | \$ 7,925,000                       | _____ %                        |
| 2022                                  | 4,195,000                          | _____                          | 2038                                  | 4,370,000                          | _____                          |
| 2023                                  | 5,190,000                          | _____                          | 2039                                  | 4,045,000                          | _____                          |
| 2024                                  | 5,310,000                          | _____                          | 2040                                  | 4,185,000                          | _____                          |
| 2025                                  | 6,295,000                          | _____                          | 2041                                  | 2,910,000                          | _____                          |
| 2026                                  | 6,460,000                          | _____                          | 2042                                  | 3,010,000                          | _____                          |
| 2027                                  | 6,630,000                          | _____                          | 2043                                  | 3,120,000                          | _____                          |
| 2028                                  | 6,425,000                          | _____                          | 2044                                  | 3,225,000                          | _____                          |
| 2029                                  | 6,300,000                          | _____                          | 2045                                  | 3,345,000                          | _____                          |
| 2030                                  | 11,385,000                         | _____                          | 2046                                  | 3,460,000                          | _____                          |
| 2031                                  | 11,085,000                         | _____                          | 2047                                  | 3,585,000                          | _____                          |
| 2032                                  | 18,515,000                         | _____                          | 2048                                  | 1,730,000                          | _____                          |
| 2033                                  | 19,005,000                         | _____                          | 2049                                  | 1,790,000                          | _____                          |
| 2034                                  | 8,920,000                          | _____                          | 2050                                  | 1,855,000                          | _____                          |
| 2035                                  | 9,210,000                          | _____                          | 2051                                  | 1,925,000                          | _____                          |
| 2036                                  | 7,675,000                          | _____                          | 2052                                  | 1,990,000                          | _____                          |

(1) Bonds maturing on or after February 15, 2031, are subject to redemption, in whole or, from time to time, in part, at the option of the Authority, on February 15, 2030, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Of the preliminary principal maturities set forth in the table above, we have created term bonds 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 preliminary 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>Term Bond</u><br><u>Maturity Date</u><br><u>February 15</u> | <u>Year of</u><br><u>First Mandatory</u><br><u>Redemption</u> | <u>Principal</u><br><u>Amount of</u><br><u>Term Bond</u> | <u>Interest Rate</u> |
|--|---|--|----------------------|
| _____  | _____   | \$ _____   | _____ %              |
| _____  | _____   | \$ _____   | _____ %              |
| _____  | _____   | \$ _____   | _____ %              |
| _____  | _____   | \$ _____   | _____ %              |

\* Preliminary, subject to change. (see - “Advance Modification of Principal Amounts” and “Post Bid Modification of Principal Amounts”)

In accordance with the terms of the Official Notice of Sale, the Good Faith Check, a bank cashier's or bank certified check for \$1,637,850 drawn on \_\_\_\_\_, is herewith enclosed or has been made available to you prior to opening of the bid with authorizing instructions from such bank. Such Good Faith Check is payable to the order of "Board of Regents of the University of Houston System." If the 2020B Taxable Bonds are awarded to us, the Good Faith Check will remain uncashed and will be returned to us at the time of delivery of the 2020B Taxable Bonds by the System. Accordingly, if the 2020B Taxable Bonds are awarded to us, we agree to pay you in federal funds acceptable to the System, for immediate and unconditional credit to the System or as otherwise directed by the System, the Full Purchase Price. If the 2020B Taxable Bonds are not awarded to us, the Good Faith Check will be returned to us promptly.

The System may not accept this bid until it has received from the bidder and each syndicate member listed below, in accordance with the requirements in the Notice of Sale (i) 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 (ii) the Disclosure Form and certification of filing that is generated by the TEC's electronic portal to the System, all as required by and in accordance with Section 2252.908 of the Texas Government Code, and the TEC's rules promulgated thereunder. The undersigned understands that the failure to provide the Disclosure Form and certification of filing for the bidder and each syndicate member listed below will result in a non-conforming bid and will prohibit the System from accepting the enclosed bid.

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 (the "NBI Injunction") preventing the defendants, including the State of Texas, from enforcing Texas Government Code § 2270.001 et. seq. or any "No Boycott of Israel" clause in any state contract while litigation proceeds. On May 7, 2019, House Bill 793, 86th Texas Legislature, Regular Session, became law, amending Texas Government Code § 2270.001 et seq., now codified at Texas Government Code § 2271.001 et seq., to remedy issues raised in *Amawi v. Pflugerville Independent School District*. On May 10, 2019, the Texas Attorney General filed a Motion to Stay the NBI Injunction with the United States Court of Appeals for the Fifth Circuit. In light of the foregoing recent developments, the following representation is provided by the Underwriter to avoid any uncertainty regarding the authority of the District.

By submission of a bid, and as a condition of the award and delivery of 2020B Bonds, the Initial Purchaser represents that, pursuant to Chapters 2270 and 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under federal law, neither the Initial Purchaser, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Initial Purchaser (i) boycotts or will boycott Israel defined in Section 808.001 of the Texas Government Code, (ii) engages in business with Iran, Sudan, or foreign terrorist organizations as defined in Section 2252.151(2), Texas Government Code, or (iii) is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code. At the request of the System, the Initial Purchaser agrees to execute further written certification as may be necessary or convenient for the System to establish compliance with these laws.

We agree to complete, execute and deliver to the System, by the date of delivery of the 2020B Taxable Bonds, a **Report on Minority-Owned and Women-Owned Business Participation**, substantially in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the System and required by applicable law and regulation as of the Issue Date, as defined therein.

If this bid is accepted by the System, this bid shall thereupon become a contract of purchase for the 2020B Taxable Bonds under the terms contained in this Official Bid Form and in the Official Notice of Sale. We hereby acknowledge that we have received and read the Official Notice of Sale and Preliminary Official Statement referred to above.

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

(Note: Not part of bid)

Respectfully submitted,

Syndicate Members:

\_\_\_\_\_  
Name of Initial Purchaser

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_

ACCEPTED the \_\_\_\_\_ day of \_\_\_\_\_, 2020 by the Chairman of the Finance and Administration Committee, acting for the Board of Regents of the University of Houston System.

\_\_\_\_\_  
Chairman of the Finance and Administration Committee  
University of Houston System

**\$163,785,000\***

**BOARD OF REGENTS OF  
THE UNIVERSITY OF HOUSTON SYSTEM  
CONSOLIDATED REVENUE AND REFUNDING BONDS, SERIES 2020B  
(TAXABLE)**

**Report on Minority-Owned and Women-Owned Business Participation**

- A) Please provide the following documentation indicating your efforts in obtaining participation of minority and/or women-owned firms in the syndicate:

| Name of Firm Contacted | Date Contacted | Time Contacted | Accepted?<br>(Yes/No) |
|------------------------|----------------|----------------|-----------------------|
|                        |                |                |                       |
|                        |                |                |                       |
|                        |                |                |                       |
|                        |                |                |                       |
|                        |                |                |                       |
|                        |                |                |                       |

\* Preliminary, subject to change. (see - "Advance Modification of Principal Amounts" and "Post Bid Modification of Principal Amounts")