

BOOK-ENTRY-ONLY SYSTEM

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

\$17,025,000*

**CITY OF LEAGUE CITY, TEXAS
(Galveston and Harris Counties)**

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017

Sealed Bids Due Tuesday, June 13, 2017, AT 11:15 A.M., CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of League City, Texas (the "City") is offering for sale its \$17,025,000* Combination Tax and Revenue Certificates of Obligation, Series 2017 (the "Certificates"). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Deliver bids directly to the City as described below in "Bids Delivered to City;" or
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures"

BIDS DELIVERED TO THE CITY . . . Sealed bids, plainly marked "Bid for Certificates", should be addressed to "Mayor and City Council, City of League City, Texas", and delivered to the Finance Director at 300 West Walker, League City, TX, 77573, prior to June 13, 2017 (the "Sale Date"). All bids must be submitted on the Official Bid Form, without alteration or interlineations.

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

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

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

For purposes of 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 City, as described under "CONDITIONS OF THE SALE - Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

The City and FirstSouthwest, A Division of Hilltop Securities Inc. are not responsible if such telephone or fax numbers are busy which prevents a bid or bids from being submitted on a timely basis. FirstSouthwest, A Division of Hilltop Securities Inc. will not be responsible for submitting any bids received after the above deadlines. FirstSouthwest, A Division of Hilltop Securities Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

PLACE AND TIME OF BID OPENING. . . The bids for the Certificates will be publicly opened and read in the office of FirstSouthwest, A Division of Hilltop Securities Inc., 700 Milam, Suite 500, Houston, Texas 77002, at 11:15 A.M. CDT, Tuesday, June 13, 2017.

ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS. . . The City 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 12 hours in advance of the time set for receipt set for bids. Such notice shall be considered an amendment to this Notice of Sale.

*Preliminary, subject to change. See "ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNT" herein.

POST BID MODIFICATION OF PRINCIPAL AMOUNTS. . . If, after final computation of the Bids, in awarding the sale to the best bidder, the City may determine that the funds necessary to carry out the purposes for which the Certificates are to be issued is either more or less than the proceeds of the proposed sale of all of the Certificates or that the principal amounts may need to be adjusted to accommodate the desired debt structure. The City reserves the right to adjust, by no more than ten percent (10.0%) the principal amount of the Certificates (including sinking fund installments in the case of Term Certificates, if any) shown on the Maturity Schedule. All calculations will be rounded to the nearest \$5,000. The amount of Certificates maturing in each year may be increased or decreased by more than ten percent (10.0%) so long as the City adheres to the overall ten percent (10.0%) limitation on the amount of change to the total principal amount.

If the City exercises its right to adjust the principal amount of the Certificates, the City agrees that any such adjustment(s) of the affected bid shall be contingent upon the preservation of the bidder's underwriting spread, as contemplated by the original bid. The City will use its best efforts to communicate to the winning bidder any such adjustment within four hours after the opening of the bids. The winning bidder's acceptance of any adjustment(s) of the principal amount of the Certificates shall be verbally confirmed by (and subject to the verbal confirmation of) the City's financial advisor prior to the approval of the winning bid by the designated pricing officer.

There is no guarantee that adjustments and/or revisions will not be necessary in order to properly size the Certificates. Accordingly, the City reserves the right in its sole discretion to make adjustments as previously described above, even if the issue size of the Certificates does not change from the original par amount of the Certificates. In the event of any such adjustment and or revision, no rebidding will be permitted, and the purchase price as may have been bid on the Certificates shall be adjusted accordingly.

AWARD OF THE CERTIFICATES. . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 P.M., CDT, on the date of the bid opening, and if the Certificates are awarded, will adopt an ordinance authorizing the issuance of the Certificates and approving the Official Statement.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated July 1, 2017 (the "Dated Date"). Interest will accrue from the Dated Date and will be due on February 15, 2018, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on February 15 in each year as follows:

MATURITY SCHEDULE*

Year	Principal Amount*	Year	Principal Amount*
2018	\$ 950,000	2028	\$ 700,000
2019	970,000	2029	715,000
2020	975,000	2030	825,000
2021	980,000	2031	690,000
2022	990,000	2032	1,100,000
2023	1,000,000	2033	735,000
2024	705,000	2034	735,000
2025	695,000	2035	735,000
2026	1,020,000	2036	735,000
2027	1,035,000	2037	735,000

*Preliminary, subject to change. See "ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNT" herein

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2028, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

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

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert the principal amounts of any Serial Certificates into "Term Certificates", such "Term Certificates" shall be subject to mandatory redemption commencing on February 15 of the first year which has been combined to form such Term Certificate, and annually thereafter on each February 15 until the stated maturity for the Term Certificates at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Certificates occurred. At least 30 days prior to each mandatory date, the Paying Agent/Registrar shall select by lot the Term Certificates to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

Term Certificates to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot or other random method from and among the Term Certificates then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Certificates of the maturity then subject to redemption which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"). See "THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE CERTIFICATES - PAYING AGENT/REGISTRAR" in the Official Statement.

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and from a limited and subordinate pledge of the surplus revenues of the City's waterworks and sewer system, as provided in the Ordinance.

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

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value **plus a bid premium of not less than \$_____ and not more than \$_____** plus accrued interest from date of the Certificates to the date of delivery of the Certificates, provided however, that any bid is subject to adjustment as described under the caption "POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8th of 1%, 1/20th of 1% or 1/100th of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3% in rate. **For Certificates having stated maturities on and after February 15, 2027, no reoffering yield producing a dollar price less than 98.00% for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award.** No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Initial Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "City of League City, Texas", in the amount of \$337,900, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM

OBLIGATION OF THE CITY TO RECEIVE INFORMATION FROM WINNING BIDDER. . . . Pursuant to Texas Government Code, Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the bidder submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC") at the time the bidder submits its Official Bid Form. In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the materials described below. 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 four hours after the deadline for the submission of bids in order for City to complete the formal award. If the apparent winning bidder and each syndicate member listed on the Official Bid Form fail to file the Disclosure Form within the time period described in the previous sentence, the City reserves the right to notify the apparent winning bidder that their bid has been rejected and award the sale to the next highest rated bidder.

PROCESS FOR COMPLETING THE DISCLOSURE FORM . . . The Disclosure Form can be found at <https://www.ethics.state.tx.us/forms/1295.pdf>, and reference should be made to the following information in order to complete it: (a) item 2 – Name of City ("City of League City, Texas"), (b) item 3 – the identification number (the City will provide the identification number on or prior to the day of the sale), and (c) item 3 – description of the goods or services assigned to this contract by the City ("City of League City, Texas Combination Tax and Revenue Certificates of Obligation, Series 2017").

The City cannot accept your bid unless and until you:

- (i) complete the Disclosure Form electronically at the TEC's "electronic portal", and**
- (ii) print, sign and deliver a NOTARIZED copy of the Disclosure Form and Certification of Filing that is generated by the TEC's "electronic portal."**

These materials must be delivered electronically to the Assistant City Manager/Director of Finance at Rebecca.Underhill@leaguecity.com no later than 2:00 p.m. (CST) on the Sale Date.

Time will be of the essence in submitting the form to the City, and no bid will be accepted by the City unless a completed Disclosure Form is received on time.

Neither the City 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 with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF CERTIFICATES. . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the "Certificate" or "Certificates"), either in typed or printed form, in the aggregate principal amount of \$17,025,000*, payable in stated installments to the Initial Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificate(s) can be made on or about July 13, 2017, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on July 13, 2017, or thereafter on the date the Certificate is tendered for delivery, up to and including August 10, 2017. If for any reason the City is unable to make delivery on or before August 10, 2017, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

*Preliminary, subject to change. See "ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNT" herein

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser's receipt of (a) the legal opinion of Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

ESTABLISHMENT OF ISSUE PRICE (HOLD-THE-OFFERING PRICE RULE WILL APPLY IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED . . .) (a) The winning bidder shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City (on or before the 6th business day prior to the delivery of the Certificates) an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

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

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

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

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

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

(e) The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing

wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this section of the Notice of Sale:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public),

(3) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date that the Certificates are awarded by the City to the winning bidder.

LEGAL OPINIONS . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, substantially in the form reproduced in Appendix C to the Official Statement, to the effect that based upon an examination of a transcript of certified proceedings of the City relating to the authorization and issuance of the Certificates, the Certificates are validly issued under the Constitution and laws of the State of Texas and to the effect that interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Preliminary Official Statement including the alternative minimum tax on corporations.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Certificates, the City will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Official Statement under the heading “OTHER INFORMATION—CERTIFICATION OF THE OFFICIAL STATEMENT.”

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

GENERAL

FINANCIAL ADVISOR . . . FirstSouthwest, A Division of Hilltop Securities Inc., is employed as financial advisor (the "Financial Advisor") to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. FirstSouthwest, A Division of Hilltop Securities Inc., has agreed, in its Financial Advisory contract, not to bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. FirstSouthwest, A Division of Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to expend its funds or execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale, the Official Bid Form and the Official Statement collectively. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City anticipates the issuance of tax supported debt in the approximate amount of \$26 million in the next 12 months, but the City makes no assurances as to the timing or amount of such potential bond issue.

RATINGS . . . The presently outstanding tax supported debt of the City is rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA" by S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. Applications for contract ratings on the Certificates have been made to Moody's and S&P.

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

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and in the Official Statement.

The City will furnish upon request to the Initial Purchaser(s), acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven business days from the sale date no more than 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Initial Purchaser(s)' obligation to accept and pay for the Certificates is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12 for the last five years.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of FirstSouthwest, A Division of Hilltop Securities Inc., 700 Milam, Suite 500, Houston, Texas 77002, Financial Advisor to the City.

The City Council have approved the form and content of the Notice of Sale, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the Sale Date, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

Pat Hallisey

Mayor
City of League City, Texas

ATTEST:

Diana Stapp

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of League City, Texas

June 13, 2017

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated June __, 2017 of \$17,025,000* CITY OF LEAGUE CITY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017 (the "Certificates"), both of which constitute a part hereof.

We understand that the City reserves the right to adjust the principal amount of the Certificate maturities as described in "ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNTS" in the Notice of Sale and Bidding Instructions. For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay a **price of not less than their par value plus a bid premium of _____ (not less than \$ _____ and not more than \$ _____)** for Certificates maturing and bearing interest as follows:

Maturity		Interest	Maturity		Interest
Feb 15	Principal*	Rate	Feb 15	Principal*	Rate
2018	\$ 950,000	_____	2028 ⁽¹⁾	\$ 700,000	_____ %
2019	970,000	_____	2029 ⁽¹⁾	715,000	_____
2020	975,000	_____	2030 ⁽¹⁾	825,000	_____
2021	980,000	_____	2031 ⁽¹⁾	690,000	_____
2022	990,000	_____	2032 ⁽¹⁾	1,100,000	_____
2023	1,000,000	_____	2033 ⁽¹⁾	735,000	_____
2024	705,000	_____	2034 ⁽¹⁾	735,000	_____
2025	695,000	_____	2035 ⁽¹⁾	735,000	_____
2026	1,020,000	_____	2036 ⁽¹⁾	735,000	_____
2027	1,035,000	_____	2037 ⁽¹⁾	735,000	_____

(1) Certificates maturing on or after February 15, 2028, are subject to redemption prior to maturity on February 15, 2027, or from time to time on any date thereafter.

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

Term Certificate Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

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

TRUE INTEREST COST _____ %

*Preliminary, subject to change. See "ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNT" herein.

We are having the Certificates of the following maturities _____ insured by _____ at a premium of \$ _____, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City.**

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

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$337,900, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, not later than 10:00 A.M., CDT, on July 13, 2017, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

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

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Syndicate Members:

Name of Initial Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of League City, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the ___ day of June, 2017.

ATTEST:

Mayor
City of League City, Texas

City Secretary

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER], hereby certifies as set forth below with respect to the sale of the CITY OF LEAGUE CITY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017 (the "Certificates"):

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

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

(b) [NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [NAME OF UNDERWRITER] constituted a firm offer to purchase the Certificates.

2. ***Defined Terms.***

(a) *Issuer* means the City of League City, Texas.

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

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is June 13, 2017.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

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

EXECUTED and DELIVERED this _____ day of _____, 2017.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____