

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

OFFICIAL NOTICE OF SALE

\$6,075,000

**LANCASTER INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Dallas County, Texas)
QUALIFIED ZONE ACADEMY MAINTENANCE TAX NOTES,
TAXABLE SERIES 2012 (DIRECT-PAY SUBSIDY NOTES)**

Bids Due Thursday, August 16, 2012, at 10:30 AM, Central Time

THE SALE

NOTES OFFERED FOR SALE AT COMPETITIVE BID: The Lancaster Independent School District (the "District") is offering for sale at competitive bid its \$6,075,000 Qualified Zone Academy Maintenance Tax Notes, Taxable Series 2012 (Direct-Pay Subsidy Notes) (the "Notes"). Bidders may submit bids for the Notes by any of the following methods:

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

BIDS DELIVERED TO THE DISTRICT: Sealed bids, plainly marked "Bid for Notes", should be addressed to "President of the Board of Trustees, Lancaster Independent School District", and delivered to the District's Financial Advisor at 333 West Campbell Road, Suite 350, Richardson, Texas, 75080, prior to 10:30 AM, Central time, on Thursday, August 16, 2012. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES: Interested bidders may, at their option and risk, submit their bid by electronic bidding procedures, as described below, by 10:30 A.M., Central time, on Thursday, August 16, 2012. Bidders submitting a bid by electronic bidding procedures shall not be required to submit a signed Official Bid Form prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

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

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

BIDS BY TELEPHONE OR FACSIMILE: Bidders must submit, prior to Thursday, August 16, 2012, SIGNED Official Bid Forms to Joshua McLaughlin, BOSC, Inc., 333 West Campbell Road, Suite 350, Richardson, Texas 75080, and submit their bid by telephone or facsimile (fax) on the date of the sale.

Telephone bids will be accepted at (214) 576-0878, between 9:30 AM, Central time and 10:30 AM, Central time.

Fax bids will be received between 9:30 AM, Central time and 10:30 AM, Central time, on the date of the sale at (214) 576-0890, attention: Joshua McLaughlin.

BOSC, Inc. will not be responsible for the submission of any bids received after the above deadlines. The District and BOSC, Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of any bids. The District and BOSC, Inc., Inc. are not responsible for any failure of their, the District's or the sender's fax machine, any failed delivery of a fax, any incomplete or ambiguous transmittals, or the disclosure of the bid to any persons prior to bid opening. If any portion of a faxed bid is illegible, the District and BOSC, Inc., Inc. may, at their option, either call any provided reference number for clarification or reject the bid. **BIDDERS WHO FAX BIDS DO SO AT THEIR OWN RISK. ALL SUCH BIDS SHALL BE BINDING ON THE BIDDER.**

PLACE AND TIME OF BID OPENING: The bids for the Notes will be publicly opened and read at the offices of the Financial Advisor, at 10:30 AM, Central time, Thursday, August 16, 2012.

AWARD OF THE NOTES: The Board of Trustees of the District will take action to award the Notes (or reject all bids) at its meeting scheduled to convene at 6:00 PM, Central time, on Thursday, August 16, 2012. The District intends to award the Notes on the basis of the **lowest True Interest Cost rate** (hereinafter defined) to the District. Delivery of the Notes is conditioned on the receipt by the District of the Issue Price Certificate, a form of which is attached hereto. The Notes may not be bid or reoffered at a price greater than par. The District reserves the right to reject any and all bids. In the case of a tie bid, the District reserves the right to award the Notes to the bidder of its choice.

THE NOTES

DESCRIPTION: The Notes will be dated August 1, 2012 (the "Dated Date"). Interest will accrue from the date of initial delivery and is payable on February 15, 2013, and each August 15 and February 15 thereafter until stated maturity or, if applicable, prior redemption. The Notes will be issued as fully registered obligations in book-entry form only and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Notes will be available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the initial Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which in turn will remit such principal and interest to the Beneficial Owners of the Notes (see "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement). The Notes will be issued only in fully registered form in any integral multiple of \$5,000. The Notes will be stated to mature on August 15, 2027.

MATURITY SCHEDULE

Maturity Date	Principal Amount	Interest Rate	Initial Yield
(8/15) 2027	\$ 6,075,000	___%	___%

DESIGNATION OF NOTES AS "QUALIFIED ZONE ACADEMY BONDS" – DIRECT-PAY SUBSIDY NOTES: The Notes are issued as "qualified zone academy bonds" within the meaning of section 54E of the Internal Revenue Code of 1986, as amended (the "Code"), and as "qualified bonds" and "specified tax credit bonds" within the meaning of section 6431(f) of the Code under and pursuant to the authority provided for in the federal Tax Extenders and Alternative Minimum Tax Relief Act of 2008, effective October 3, 2008, the federal American Recovery and Reinvestment Act of 2009, effective February 17, 2009, and the federal Hiring Incentives to Restore Employment Act, effective March 18, 2010, and in reliance on guidance released from time to time by the Internal Revenue Service (the "IRS"). As a result of these elections and designations the District is entitled to receive directly from the United States Department of the Treasury (the "Treasury") a refundable tax credit (the "Refundable Tax Credit") in an amount equal to the lesser of (1) the amount of interest payable on the Notes on each interest payment date and (2) the amount of interest that would have been payable on the Notes if such interest were determined at the applicable credit rate determined under section 54A(b)(3) of the Code. **As a result of the District's designations and elections entitling it to the receipt of the Refundable Tax Credit, no owner of Notes will be entitled to a tax credit as a result of its ownership of a Note.**

The District's continued receipt of the Refundable Tax Credit is subject to compliance with various requirements of federal law. No assurances are provided that the District will receive each of the Refundable Tax Credits. Refundable Tax Credits will only be paid by the Treasury if the Notes remain qualified in accordance with sections 54E and 6431(f), respectively, of the Code. For the Notes to be, and remain, designated as "qualified bonds" for which the Refundable Tax Credit will be received, the District must comply with certain covenants with respect to the Notes regarding the use and investment of proceeds thereof, the use of property financed therewith, making timely and proper filings with the IRS, and satisfying certain other requirements of the Code. Failure on the part of the District to comply with the conditions imposed by the Code and any applicable future guidance to be provided by the Treasury

and the IRS may cause the District to fail to receive the Refundable Tax Credit for the remaining term of the Notes and could subject the District to a claim for refund of previously received Refundable Tax Credits. Moreover, Refundable Tax Credits are subject to automatic offsets against certain amounts that may, for unrelated reasons, be owed by the District to the United States of America or an agency thereof. In addition, see “SPECIAL MANDATORY REDEMPTION” herein for information concerning the requirement to mandatorily redeem Notes upon the District’s failure to timely spend proceeds thereof.

CUMULATIVE SINKING FUND DEPOSITS: The Code provides that an issue of “qualified zone academy bonds”, which includes the Notes, shall not fail to satisfy the programmatic requirements for such obligations by reason of any fund that is expected to be used to repay such qualified zone academy bonds that (i) is funded at a rate not more rapidly than equal annual installments, (ii) is funded in a manner reasonably expected to result in an amount not greater than the amount necessary to repay the obligations, and (iii) is invested at a yield that is not greater than the applicable discount rate published by the Treasury on the date on which the District and the Purchaser enter into a binding obligation concerning the sale and purchase of the Notes (which discount rate for the Notes is ___%). The District has obligated itself under the Resolution to make mandatory deposits into the Cumulative Sinking Fund Deposit Account, which is a subaccount of the Note Fund created under the Resolution, with the Paying Agent/Registrar for the Notes, on August 15 in each of the years and in the respective amounts (preliminary, subject to change) set forth below:

<u>Year</u>	<u>Deposit Amount</u>	<u>Cumulative Balance</u>
2013	\$ 405,000	\$ 405,000
2014	405,000	810,000
2015	405,000	1,215,000
2016	405,000	1,620,000
2017	405,000	2,025,000
2018	405,000	2,430,000
2019	405,000	2,835,000
2020	405,000	3,240,000
2021	405,000	3,645,000
2022	405,000	4,050,000
2023	405,000	4,455,000
2024	405,000	4,860,000
2025	405,000	5,265,000
2026	405,000	5,670,000
2027	405,000	6,075,000

Any interest earnings from the investment of prior deposits will be applied as a credit against the District’s next year’s required Cumulative Sinking Fund Deposit Account deposit. Such deposits and any interest earned thereon shall be used to pay the principal of the Notes at stated maturity or prior redemption and are pledged to pay the debt service requirements on the Notes. To the extent the aggregate cumulative sinking fund deposits and interest thereon total less than the principal amount of the Notes due on such date, the District will contribute additional funds required to pay the debt service requirements on the Notes upon prior redemption or on the stated maturity date for the Notes.

OPTIONAL REDEMPTION: The Notes are subject to redemption prior to Stated Maturity, at the option of the District, on any date from the Closing Date through August 14, 2022, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if less than all at random and by lot by the Paying Agent/Registrar), at the Make-Whole Redemption Price. In addition, the Notes are subject to redemption prior to Stated Maturity, at the option of the District, on August 15, 2022, or on any date thereafter, as a whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if less than all at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption. If a Note (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Note (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

SPECIAL MANDATORY REDEMPTION: To the extent that less than 100% of the Available Project Proceeds are expended for Qualified Purposes with respect to a Qualified Zone Academy by the close of the Expenditure Period, the District shall redeem the Nonqualified Notes in authorized denominations (rounded up to the next highest authorized denomination) within 90 days after the end of such period, at a redemption price equal to the principal amount of such Nonqualified Notes, plus accrued (but unpaid) interest on such Nonqualified Notes to the date of redemption, payable from such unexpended proceeds of sale of the Notes and other available funds held by the District.

DEFINITION OF TERMS: Capitalized terms used herein have the following meanings:

“Available Project Proceeds” means proceeds of the sale of the Notes other than proceeds used to pay costs of issuance (not to exceed 2 percent thereof) plus proceeds received from investing the proceeds of the sale of the Notes.

“Expenditure Period” means the three year period beginning on the date of issuance of the Notes, plus any extension of such period granted by the IRS.

“Make-Whole Redemption Price” means an amount equal to the greater of (i) the issue price of the Notes set forth in the Resolution (but not less than 100% of the principal amount of such Notes to be redeemed) or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Notes to be redeemed to the maturity date of such Notes, not including any portion of those payments of interest accrued and unpaid as of the date on which the Notes are to be redeemed, discounted to the date on which the Notes are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate plus twenty five (25) basis points, plus accrued interest on the Notes to be redeemed to the redemption date.

“Nonqualified Notes” means the portion of the outstanding Notes in an amount that, if the remaining Notes were issued on the last day of the Expenditure Period, all of the Available Project Proceeds of the remaining Notes would have been used for Qualified Purposes with respect to a Qualified Zone Academy within the Expenditure Period, or such other amount of the Notes as is required to be redeemed in order to preserve the status of the Notes as “qualified zone academy bonds” under the Code.

“Qualified Purposes” means, with respect to a Qualified Zone Academy, rehabilitating or repairing the public school facility in which the academy is established, providing equipment for use at the academy, developing course materials for education to be provided at the academy, and training teachers and other school personnel in the academy.

“Qualified Zone Academy” means a public school (or academic program within a public school) that constitutes a “qualified zone academy” within the meaning of Section 54E(d)(1) of the Code.

“Treasury Rate” means, with respect to any redemption date for a particular Note, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) (the “Statistical Release”) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if the Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Notes to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

AUTHORIZATION: The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Section 45.108, Texas Education Code, as amended, and a resolution authorizing the issuance of the Notes (the “Resolution”) to be adopted by the District’s Board of Trustees (the “Board”) on Thursday, August 16, 2012.

PURPOSE: Proceeds from the Notes will be used to (i) renovate existing facilities, (ii) purchase equipment, and (iii) pay costs of issuance related to the Notes.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the Book-Entry-Only System of DTC. See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. If the Paying Agent/Registrar becomes unable for any reason to act as Paying Agent/Registrar, the District has covenanted to appoint a successor Paying Agent/Registrar.

SOURCE OF PAYMENT: The Notes are payable from any available funds of the District, including but in no way limited to the ad valorem taxes levied by the District for maintenance purposes within the limitations of the District’s maintenance tax authority, as provided in the Resolution (see “THE NOTES – Security,” “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS” and “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” in the Preliminary Official Statement).

OFFICIAL STATEMENT AND OTHER TERMS AND COVENANTS IN THE RESOLUTION: Further details regarding the Notes and certain covenants of the District contained in the Resolution are set forth in the Official Statement, to which reference is made for all purposes.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Notes will be sold in one block on an “All or None” basis, and at a price of not more than their par value. The Notes shall all mature on August 15, 2027, and all Notes shall bear interest at the same rate. The bid for the Notes shall not be less than \$6,029,437.50 (99.25% of par) nor more than \$6,075,000 (100.00% of par). No bid producing a cash premium will be considered. The Notes may not be bid or reoffered at a price greater than par. Bidders are invited to name the rate of interest to be borne by the Notes, provided that the rate bid must be in a multiple of 1/100 of 1% (one basis point) and the net effective interest rate for the Notes (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Notes 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 District**. The True Interest Cost rate is that rate which, when used to compute the total present value **as of the date of initial delivery of the Notes** of all debt service payments on the Notes on the basis of semi-annual compounding, produces an amount equal to the bid price. **Cash premiums will not be allowed.** The Notes must be reoffered at a price equal to par. The District reserves the right to reject any or all bids. In the case of a tie bid, the District reserves the right to award the Notes to the bidder of its choice. In the event of a bidder’s error in interest cost rate calculations and the interest rates set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the District with information to enable it to comply with provisions of the Code pertaining to the designation of the Notes as “qualified zone academy bonds”, the Purchaser will be required to complete, execute, and deliver to the District (on or before the fifth (5th) business day prior to the date of initial delivery of the Notes) a certification as to their “issue price” in the form and to the effect attached hereto or accompanying this Official Notice of Sale. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such certificate by the date of initial delivery of the Notes, if its bid is accepted by the District. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. Receipt by the District of such certificate is a condition to the delivery of the Notes. Upon failure to deliver the Issue Price Certificate, the District will have the right to cause the Notes not to be delivered and to retain the Good Faith Deposit as a form of liquidated damages. In that event, the Purchaser will have no recourse against the District.

GOOD FAITH DEPOSIT: A bank cashier’s check, payable to the order of “Lancaster Independent School District”, in the amount of \$121,500, which is 2% of the par value of the Notes, is required. The Good Faith Deposit of the Purchaser will be retained uncashed by the District pending the Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Notes in accordance with its bid, then said check shall be cashed and accepted by the District as full and complete liquidated damages. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Notes has been made by the District. Upon failure to deliver the Issue Price Certificate in the form attached hereto, the District will have the right to retain the Good Faith Deposit.

DELIVERY OF THE NOTES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS: It is anticipated that CUSIP identification number will appear on the Notes, but neither the failure to print or type such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Notes in accordance with the terms of this Official 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 Notes shall be paid by the District; provided, however, that the CUSIP Service Bureau fee for the assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser.

INITIAL DELIVERY OF INITIAL NOTE: The Notes will be initially delivered as one Note (“Initial Note”) in the aggregate principal amount of \$6,075,000 payable to the Purchaser, signed by the President of the Board of Trustees of the District and approved by the Attorney General of the State of Texas and registered and signed by the Comptroller of Public Accounts of the State of Texas, exchangeable as set forth below. Initial delivery will be at the designated office of the Paying Agent/Registrar. Payment for the Notes must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given three (3) business days’ notice of the time fixed for delivery of the Notes. It is anticipated that initial delivery (“Initial Delivery”) can be made on or about September 6, 2012 and it is understood and agreed that the Purchaser will accept delivery and make payment for the Notes not later than 10:00 A.M., Central time, on September 6, 2012, or thereafter on the date the Notes are tendered for delivery up to and including September 20, 2012. If for any reason the District is unable to make delivery on or before September 20, 2012, then the District shall immediately contact the Purchaser and may offer to allow the Purchaser to extend his offer for an additional thirty days. If the Purchaser does not elect to extend his offer within five business days

thereafter, then his Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Notes, provided such failure is due to circumstances beyond the District's reasonable control.

DTC DEFINITIVE NOTES: Upon payment for the Notes at the time of the Initial Delivery, the Paying Agent/Registrar shall cancel the Initial Note, and one definitive Note for the stated maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. After delivery of the Initial Note, the Notes will be issued in Book-Entry- Only form. Cede & Co. is the nominee for DTC. All references herein to the Noteholders or registered owners of the Notes shall mean Cede & Co. and not the beneficial owners of the Notes. Purchases of beneficial interests in the Notes will be made in book-entry form (without Notes) in authorized denominations. Under certain limited circumstances described herein, the District may determine to forego immobilization of the Notes at DTC, or another securities depository, in which case such beneficial interests would become exchangeable for one or more fully registered Notes of like principal amount as the Notes presented for cancellation and exchange.

CONDITIONS TO DELIVERY: The obligation of the Purchaser to take up and pay for the Notes is subject to the Purchaser's receipt of (a) the approving legal opinion of Fulbright & Jaworski L.L.P., Dallas, Texas, Bond Counsel for the District ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Preliminary Official Statement.

In order to provide the District with information required to enable it to comply with certain conditions of the Code, the Purchaser will be required to complete, execute, and deliver to the District a certification as to the "issue price" of the Notes substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale. In the event the Purchaser is unable to sell a substantial amount of the Notes of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District. **In no event will the District fail to deliver the Notes as a result of the Purchaser's inability to sell a substantial amount of Notes at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate at least five (5) business days prior to initial delivery of the Notes, if its bid is accepted by the District. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINION: The Notes are offered when, as and if issued, subject to the unqualified legal opinion of the Attorney General of the State of Texas. Delivery of and payment for the Notes is subject to the receipt by the Purchaser of the approving legal opinion of Fulbright & Jaworski L.L.P., Bond Counsel, substantially in the form reproduced in Appendix C to the Preliminary Official Statement.

Bond Counsel did not take part in the preparation of the Official Bid Form, Official Notice of Sale, or Preliminary Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken to independently verify any of the information contained therein, except that in its capacity as Bond Counsel, such firm has reviewed the information describing the Notes in the Preliminary Official Statement to verify that such description conforms to the provisions of the Resolution. In reviewing the Preliminary Official Statement, Bond Counsel represents the District. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes.

CERTIFICATION OF OFFICIAL STATEMENT: At the time of payment for, and Initial Delivery of, the Initial Note, the District will execute and deliver to the Purchaser a certificate in the form set forth in the Preliminary Official Statement.

GENERAL

FINANCIAL ADVISOR: BOSC, Inc. is employed as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. BOSC, Inc. waives the right to submit a bid for the Notes, either independently or as a member of a syndicate organized to submit a bid for the Notes. BOSC, 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 Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS: The District has made no investigation regarding the eligibility to purchase or participate in the underwriting of the Notes under any applicable securities, legal investment, insurance, banking or other laws which might govern the ability of such institution to underwrite or invest in the Notes. By submission of its bid, the Purchaser represents that the sale of the Notes in jurisdictions other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Notes in accordance with the securities law of the jurisdictions in which the Notes are offered or sold. The District agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Notes or obtaining an exemption

from registration in any state where such action is necessary, except that the District will not be obligated to qualify as a foreign corporation consent to service of process.

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

RATING: The Notes are rated “A2” by Moody’s Investors Service, Inc. (“Moody’s”) and “A” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said rating company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. Neither the District nor the Purchaser has undertaken any responsibility to advise owners of the Notes of any lowering or withdrawal of such ratings.

OFFICIAL STATEMENT

FINAL OFFICIAL STATEMENT: The District has prepared, or caused to be prepared, the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Notes, but will not prepare any other document or version for such purpose except to take into account certain subsequent events, if any, as described below. To the knowledge and belief of the District, the Preliminary 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 Notes. The Purchaser will be responsible for informing the District of the initial offering yield. The District will prepare, or cause to be prepared, a Final Official Statement describing the respective offering yield, the interest rate on the Notes, the selling compensation, and the rating assigned to the Notes. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of United States Securities and Exchange Commission Rule 15c2-12(b)(1), for the purpose of review prior to bidding. By delivering the Final Official Statement or any amendment or supplement thereto to the Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of United States Securities and Exchange Commission Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Preliminary Official Statement under “CERTIFICATION OF THE OFFICIAL STATEMENT.”

CONTINUING DISCLOSURE AGREEMENT: The District will agree in the Resolution to provide certain periodic information and notices of material events in accordance with United States Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION”. The Purchaser’s obligation to accept any and pay for the Notes is conditioned upon delivery to, the Purchaser or their agent, of a copy of the Resolution containing the agreement described under such heading.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE: No registration statement relating to the Notes has been filed with the United States Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Notes have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Notes have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the District learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Notes as described in “DELIVERY OF THE NOTES AND ACCOMPANYING DOCUMENTS – Conditions to Delivery.” The obligation of the District to do so will terminate when the District delivers the Notes to the Purchaser, unless the Purchaser notifies the District that less than all of the Notes 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 Notes have been sold to ultimate customers.

DELIVERY OF OFFICIAL STATEMENTS: The District will furnish to the Purchaser, within seven (7) business days after the sale date, an aggregate maximum of one hundred (100) copies of the Official Statement, together with information regarding the interest rate and other terms relating to the reoffering of the Notes. The District agrees to provide, or cause to be provided, to the

Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a designated electronic format (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with Rule 15c2-12 or the rules of the Municipal Securities Rulemaking Board (“MSRB”). The District consents to the distribution of such documents in a designated electronic format. Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G32. The Purchaser will be responsible for providing information concerning the District and the Notes to subsequent purchasers of the Notes, and the District will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The District’s obligation to supplement the Official Statement to correct key representations determined to be omitted or materially misleading, after the date of the Official Statement, shall terminate 25 days after the sale date.

On the date of the sale, the Board of Trustees will, in the Resolution authorizing the issuance of the Notes, 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 Notes by the Purchaser.

Ty Jones

President, Board of Trustees
Lancaster Independent School District

ATTEST:

Jeff Melcher

Secretary, Board of Trustees
Lancaster Independent School District

August 10, 2012

OFFICIAL BID FORM

Honorable President and Board of Trustees
Lancaster Independent School District
422 S. Centre Avenue
Lancaster, Texas 75146

August 16, 2012

Reference is made to your Preliminary Official Statement and Official Notice of Sale, dated August 10, 2012 of \$6,075,000 LANCASTER INDEPENDENT SCHOOL DISTRICT QUALIFIED ZONE ACADEMY MAINTENANCE TAX NOTES, TAXABLE SERIES 2012 (DIRECT-PAY SUBSIDY NOTES), both of which constitute a part hereof.

For your legally issued Notes, as described in said Official Notice of Sale and Preliminary Official Statement, we, as the prospective purchaser of the Notes (the "Purchaser") undertake to reoffer to the public the Notes at a price equal to the par value thereof. **No bid producing a cash premium will be considered. The Notes may not be bid or reoffered at a price greater than par. The bid on the Notes shall not be less than \$6,029,437.50 (99.25% of par) nor more than \$6,075,000 (100% of par) for Notes maturing and bearing interest as follows:**

Maturity Date (8/15)	Principal Amount	Interest Rate
2027	\$ 6,075,000	_____ %

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

TRUE INTEREST COST % _____ %

By accepting this bid, the Purchaser understands the District will provide the copies of the Official Statement, as well as any amendments or supplements thereto (in a designated electronic format), all in accordance with the Official Notice of Sale.

The Initial Note shall be registered in the name of _____, which will, upon payment for the Notes, be cancelled by the Paying Agent/Registrar. The Notes 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 \$121,500, 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 Preliminary Official Statement and Official Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Notes utilizing the Book-Entry-Only System through DTC and make payment for the Initial Note in immediately available funds in the designated office of the Corporate Trust Division, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, not later than 10:00 AM, Central time, on September 6, 2012, or thereafter on the date the Notes are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale and Bidding Instructions. It will be the obligation of the Purchaser of the Notes to complete and file the DTC Eligibility Questionnaire.

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

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

Respectively submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Lancaster Independent School District, subject to and in accordance with the Official Notice of Sale, this the 16th day of August, 2012.

Title: _____
Lancaster Independent School District

ATTEST:

Title: _____
Lancaster Independent School District

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies as follows on behalf of _____ (the "Initial Purchaser") with respect to the sale and delivery by the Lancaster Independent School District (the "District") of its \$6,075,000 Qualified Zone Academy Maintenance Tax Notes, Taxable Series 2012 (Direct-Pay Subsidy Notes) (the "Notes"):

1. The Initial Purchaser has purchased the Notes from the District by competitive sale.
2. The Initial Purchaser has made a bona fide offering of all of the Notes to the public at the initial offering price or yield set forth on the inside front cover page of the District's Official Statement with respect to the Notes (the "Official Statement"). For purposes of this Certificate, the term "public" means persons other than bond houses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
3. The initial offering price (expressed as a dollar amount, yield percentage, or percentage of principal amount and exclusive of accrued interest) at which a substantial amount (at least 10%) of the Notes was sold to the public is as set forth on the inside front cover page of the Official Statement.
4. The initial offering price described above reflects current market prices at the time of such sales.
5. The undersigned understands that the statements made herein will be relied upon by the District in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986 (the "Code"), and by Fulbright & Jaworski L.L.P. in rendering its opinions, with respect to the status of the Notes as "qualified tax credit bonds" within the meaning of Section 54A of the Code, "qualified zone academy bonds" within the meaning of Section 54E of the Code, and "specified tax credit bonds" within the meaning of Section 6431(f)(3) of the Code.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on this ___ day of _____, 2012.

[INITIAL PURCHASER]

By _____
Name:
Title: