

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS**

**ON**

**\$2,000,000\***

**CITY OF FARMERS BRANCH, TEXAS  
(Dallas County)**

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014**

**Sealed Bids Due Tuesday, July 15, 2014, at 11:00 A.M., CDT**

**THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"  
FOR FINANCIAL INSTITUTIONS**

**THE SALE**

**CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . .** The City of Farmers Branch, Texas (the "City"), is offering for sale its \$2,000,000\* Combination Tax and Revenue Certificates of Obligation, Series 2014 (the "Certificates"). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (2) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

**ELECTRONIC BIDDING PROCEDURE . . .** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of i-Deal, LLC Parity System ("PARITY"). Bidders must submit, prior to July 15, 2014 SIGNED Official Bid Forms to Sara Bedford, First Southwest Company, 325 North Saint Paul, Dallas, Texas 75201. 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, 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 and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23<sup>rd</sup> 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 "Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale, Bidding Instructions and the Official Bid Form.

**BIDS BY TELEPHONE OR FACSIMILE . . .** Bidders must submit, prior to July 15, 2014, SIGNED Official Bid Forms to Sara Bedford, First Southwest Company, 325 North Saint Paul, Dallas, Texas 75201, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted by Sara Bedford at (214) 953-4031, between 10:30 A.M. CDT and 11:00 A.M. CDT on July 15, 2014.

Fax bids must be received between 10:30 A.M. CDT and 11:00 A.M. CDT, on July 15, 2014 at (214) 953-4050, attention Sara Bedford.

**Bids by delivery shall not be allowed.**

**First Southwest Company will not be responsible for submitting any bids received after the above deadlines.**

The City and First Southwest Company are not responsible if such telephone or facsimile numbers are busy, thereby preventing a bid or bids from being submitted on a timely basis.

The City and First Southwest Company are not responsible for any failure of their, the City'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 City and First Southwest Company 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.** The City and First Southwest Company assume no responsibility or liability with respect to any irregularities associated with the submission of the bids.

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

**PLACE AND TIME OF BID OPENING . . .** The bids for the Certificates will be publicly opened and read in the office of First Southwest Company (the “Financial Advisor”) at 11:00 A.M., CDT, Tuesday, July 15, 2014.

**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 6:30 P.M., CDT, on the date of the bid opening, and adopt an ordinance (the “Ordinance”) authorizing the Certificates and approving the official statement relating to the Certificates (the “Official Statement”) and authorizing the use of the accompanying Preliminary Official Statement in connection with the sale of the Certificates.

## **THE CERTIFICATES**

**DESCRIPTION . . .** The Certificates will be dated July 15, 2014 (the “Dated Date”). Interest will accrue from the Date of Delivery and will be due on February 15, 2015, 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\***

| <u>Maturity<br/>(February 15)</u> | <u>Principal<br/>Amount</u> |
|-----------------------------------|-----------------------------|
| 2015                              | \$ 180,000                  |
| 2016                              | 185,000                     |
| 2017                              | 190,000                     |
| 2018                              | 195,000                     |
| 2019                              | 195,000                     |
| 2020                              | 200,000                     |
| 2021                              | 205,000                     |
| 2022                              | 210,000                     |
| 2023                              | 215,000                     |
| 2024                              | 225,000                     |

**NO OPTIONAL REDEMPTION . . .** The Certificates are not subject to redemption prior to maturity.

**ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . .** Prior to 2:00 PM CDT on the day before the bids are due, the City may, in its sole discretion, adjust the principal amount set forth above (the “Maturity Schedule”) and/or the type of bid required on the Certificates. First Southwest Company, as Financial Advisor to the City, will give notice of any such adjustment by Bloomberg and Parity. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purpose of this paragraph, the term “Maturity Schedule” shall include any adjustments to the principal amounts shown above including the total par amount so made by the City by posting a Parity and Bloomberg Wire. **Also see “Conditions of the Sale” herein.**

After final computation of the Bids, the City reserves the right to adjust the Total Par Amount by up to 15% without permission of the successful bidder. Such adjustment(s), if any, shall be made within 4 hours of the award of the Certificates. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Certificates. Such adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and initial reoffering prices. In the event of any adjustment of the maturity schedule for the Certificates as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedules for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. The successful Bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

**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.

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\* Preliminary, subject to change. See “The Certificates – Adjustment of Principal Amount and/or Types of Bids.”

**MANDATORY SINKING FUND REDEMPTION . . .** If the successful bidder elects to alter the Maturity Schedule reflected above and convert the principal amounts of the serial Certificates maturing in the years 2015 through 2024 into “Term Certificates”, such “Term Certificates” shall be subject to mandatory redemption on the first February 15 next following the last maturity for serial Certificates, 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.

Approximately thirty (30) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund (as defined in the Ordinance). Any Term Certificate not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificates of the same maturity which at least forty-five (45) days prior to a mandatory redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof and delivered to the Paying Agent/Registrar for cancellation.

The final Official Statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

**BOOK-ENTRY-ONLY SYSTEM . . .** The City intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “The Obligations – 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, Dallas, Texas (see “The Obligations - Paying Agent/Registrar” in the Preliminary Official Statement).

**SOURCE OF PAYMENT . . .** The Certificates constitute direct obligations of the City, payable from (i) 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, as provided in the Certificate Ordinance and (ii) a limited pledge, in an amount not to exceed \$1,000, of the Surplus Revenues of the City’s Waterworks and Sewer System.

Further details regarding the Certificates are set forth in the Preliminary 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 103.00% of par and not more than 108.00% of par from the Date of Delivery of the Certificates. 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 1/8 of 1% or 1/100 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. Using the interest rate established for the February 15, 2024 maturity as the base year, interest rates for successive maturities shall be structured in ascending order such that for each succeeding maturity, rates shall be equal to or greater than the interest rate for the maturity of the preceding year. 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. Each bidder shall state in the bid the total interest cost in dollars and the effective interest rate determined thereby (calculated in the manner prescribed by Chapter 1204, Texas Government Code), which shall be considered informative only and not as part of the bid. In the event of a bidder's error in interest cost rate calculations, the interest rates set forth in the Official Bid Form will be considered as the intended bid. Also see “ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS”.

The Purchaser (defined below) must provide the initial reoffering prices to the Financial Advisor by 11:00 AM, CDT, or within 30 minutes of being notified on the sale date. Such offering prices and yields, among other things, will be used by the Financial Advisor to calculate the final principal amount of each maturity of the Certificates and the cash premium for the Certificates. It is anticipated that the final principal amount of each maturity of the Certificates and the final cash premium amount will be communicated to the successful bidder by 12:00 PM, CDT, on the date of the sale. The changes made after the bids are opened will not change the Total Par Amount by more than 15% of the preliminary amount without permission of the successful bidder. The bid price bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Certificates. Such adjusted bid price will reflect changes in the dollar amount of the underwriting discount, original issue discount/premium and any applicable insurance premium, but will not change the selling compensation per \$1,000 of par amount of Certificates from the selling compensation that would have been received based on the bid price in the winning bid and the initial reoffering prices. The interest rate specified by the successful bidder for each maturity at the initial reoffering price will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

**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 "Purchaser" or "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 Date of Delivery 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 Farmers Branch, Texas", in the amount of \$40,000.00, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Purchaser's compliance with the terms of the bid and this 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 Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then the Good Faith Deposit 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.

## **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 Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the 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 Purchaser.

**DELIVERY OF CERTIFICATES** . . . Initial delivery of the Certificates (the "Initial Delivery") will be accomplished by the issuance of one Initial Certificate (the "Initial Certificate"), either in typed or printed form, in the aggregate principal amount of \$2,000,000 (or such other amount in the event the City elects to adjust the principal amount set forth under "MATURITY SCHEDULE" as described under "Adjustments of Principal Amounts and/or Types of Bids"), payable in stated installments to the Purchaser or its designee, 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. Initial 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 Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about August 14, 2014, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on August 14, 2014, or thereafter on the date the Certificates are tendered for delivery, up to and including August 28, 2014. If for any reason the City is unable to make delivery on or before August 28, 2014, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the 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.

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

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Certificates) a certification as to their "issue price" substantially in the form and to the effect attached to this Notice of Sale and Bidding Instructions. In the event the Initial Purchaser is unable to sell a substantial amount of the Certificates of any stated maturity to the public, such certificate may be modified in a manner approved by the City and Bond Counsel. **In no event will the City fail to deliver the Certificates as a result of the Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate at least six business days prior to the date of delivery of the Certificates, if its bid is accepted by the City. 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 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 Purchaser of an opinion of Bond Counsel substantially in the form reproduced in Appendix C to the Official Statement, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" in the Official Statement, including alternative minimum tax consequences for 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 Purchaser a certificate in the form set forth in the Official Statement under "Other Information – Certification as to Official Statement".

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

## **GENERAL**

**FINANCIAL ADVISOR . . .** First Southwest Company is employed as 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. The Financial Advisor has performed a professional review of the Preliminary Official Statement in accordance with industry standards, and, as part of its responsibilities to the City and, as applicable, to the investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of the information. First Southwest Company, 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 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 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 Purchaser, at the Purchaser's written request and sole 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 qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

**NOT AN OFFER TO SELL . . .** This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the 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 and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Certificates.

**ISSUANCE OF ADDITIONAL DEBT . . .** Except for the City's \$13,945,000\* General Obligation Bonds, Series 2014 expected to be issued contemporaneously with the Certificates, the City does not anticipate the issuance of additional general obligation debt within the next 12 months.

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

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

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\* Preliminary, subject to change.

**THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12** . . . The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), deems such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the knowledge and belief of the City, 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 Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, copies of the final Official Statement (which final Official Statement will contain the final interest rates and other terms relating to the initial reoffering of the Certificates) in such quantity and in the formats as the Purchaser shall request in order for the Purchaser to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board; provided, however, that the cost of any Official Statements in excess of 150 shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the 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 Certificates.

**CONTINUING DISCLOSURE AGREEMENT** . . . The City has agreed in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with the Rule, as described in the Preliminary Official Statement under "Continuing Disclosure of Information". The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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

**ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT** . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement, as available over and above the normal mailing, may be obtained at the offices of First Southwest Company, 325 North St. Paul, Suite 800, Dallas, Texas 75201, Financial Advisor to the City.

On the date of the sale, the City Council will, in the Certificate Ordinance, confirm its approval of the form and content of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

WILLIAM P. GLANCY  
Mayor  
City of Farmers Branch, Texas

ATTEST:

ANGELA KELLY  
City Secretary

July 8, 2014

## OFFICIAL BID FORM

Honorable Mayor and City Council  
City of Farmers Branch, Texas

July 15, 2014

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated July 8, 2014 of \$2,000,000\* CITY OF FARMERS BRANCH, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014, both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you the par value thereof plus a cash premium of \$\_\_\_\_\_ (not less than 3.00% of par and not more than 8.00% of par) from the date of delivery to us, maturing and bearing interest as follows:

| Maturity<br>(February 15) | Principal<br>Amount | Interest<br>Rate |
|---------------------------|---------------------|------------------|
| 2015                      | \$ 180,000          | _____            |
| 2016                      | 185,000             | _____            |
| 2017                      | 190,000             | _____            |
| 2018                      | 195,000             | _____            |
| 2019                      | 195,000             | _____            |
| 2020                      | 200,000             | _____            |
| 2021                      | 205,000             | _____            |
| 2022                      | 210,000             | _____            |
| 2023                      | 215,000             | _____            |
| 2024                      | 225,000             | _____            |

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<br>Maturity Date<br>February 15 | Year of<br>First Mandatory<br>Redemption | Principal<br>Amount of<br>Term Certificate | Interest<br>Rate |
|--|--|--|------------------|
| _____  | _____                                    | _____                                      | _____            |
| _____  | _____                                    | _____                                      | _____            |
| _____  | _____                                    | _____                                      | _____            |
| _____  | _____                                    | _____                                      | _____            |

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

TRUE INTEREST COST \_\_\_\_\_%

The Initial Certificate 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 DTC's Book-Entry-Only System.

A bank cashier's check or certified check of the \_\_\_\_\_ Bank, \_\_\_\_\_, in the amount of \$40,000.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

\_\_\_\_\_  
\*Preliminary, subject to change.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Certificate in immediately available funds to The Bank of New York Mellon Trust Company, Dallas, Texas, not later than 10:00 AM, CDT, on August 14, 2014, 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 11:00 AM, CDT, or within 30 minutes of being notified on the sale date.**

Respectfully 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 City of Farmers Branch, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 15th day of July, 2014.

ATTEST:

\_\_\_\_\_  
Mayor  
City of Farmers Branch, Texas

\_\_\_\_\_  
City Secretary  
City of Farmers Branch, Texas



### ISSUE PRICE CERTIFICATE

The undersigned hereby certifies with respect to the sale of CITY OF FARMERS BRANCH, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014 (the "Certificates"), issued in aggregate principal amount of \$2,000,000, as follows:

1. The undersigned is the duly authorized representative of the purchaser (the "Purchaser") of the Certificates from the City of Farmers Branch, Texas (the "Issuer").
2. All of the Certificates have been offered to members of the public in a bona fide initial offering. For purposes of this Issue Price Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or acting on behalf of or as agents for the undersigned of members of the selling group.)
3. Each maturity of the Certificates was offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.
4. Other than the obligations set forth in paragraph 5 hereof (the "Retained Maturity" or "Retained Maturities"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Certificates was sold to the public is set forth below.

| Principal<br>Amount<br>Maturing | Maturity<br>(February 15) | Offering<br>Price<br>(% / Yield) |
|---------------------------------|---------------------------|----------------------------------|
| \$ 180,000                      | 2015                      |                                  |
| 185,000                         | 2016                      |                                  |
| 190,000                         | 2017                      |                                  |
| 195,000                         | 2018                      |                                  |
| 195,000                         | 2019                      |                                  |
| 200,000                         | 2020                      |                                  |
| 205,000                         | 2021                      |                                  |
| 210,000                         | 2022                      |                                  |
| 215,000                         | 2023                      |                                  |
| 225,000                         | 2024                      |                                  |

5. In the case of the Retained Maturities, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

| Principal<br>Amount<br>Maturing | Maturity<br>(February 15) | Offering<br>Price<br>(% / Yield) |
|---------------------------------|---------------------------|----------------------------------|
| \$ 180,000                      | 2015                      |                                  |
| 185,000                         | 2016                      |                                  |
| 190,000                         | 2017                      |                                  |
| 195,000                         | 2018                      |                                  |
| 195,000                         | 2019                      |                                  |
| 200,000                         | 2020                      |                                  |
| 205,000                         | 2021                      |                                  |
| 210,000                         | 2022                      |                                  |
| 215,000                         | 2023                      |                                  |
| 225,000                         | 2024                      |                                  |

6. Based on the foregoing, the aggregate of such initial offering prices of all of the Certificates is \$\_\_\_\_\_ (the "Issue Price").
7. The undersigned and/or one or more other members of the underwriting syndicate, as the case may be, (have)(have not) purchased bond insurance for the Certificates. The bond insurance, if any, has been purchased from \_\_\_\_\_ (the "Insurer") for a premium cost of \$\_\_\_\_\_ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such cost is set forth in the Insurer's commitment and is separately stated from all other fees or charges payable to the Insurer. The premium does not exceed a reasonable charge for the transfer of credit risk taking into account payments charged by guarantors in comparable transactions (including

transactions in which a guarantor has no involvement other than as a guarantor). The present value of the debt service savings expected to be realized as a result of such insurance, discounted at a rate equal to the yield on the Certificates which results after recovery of the insurance premium, exceeds the present value of the bond insurance premium.

8. The Purchaser understands that the statements made herein will be relied upon, by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Bond Counsel in rendering their opinion that the interest on the Certificates is excludable from gross income and its preparation of the Internal Revenue Service Form 8038-G. The Purchaser makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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

By

\_\_\_\_\_  
(Title)