

This Official Notice of Sale does not alone constitute an invitation for bids, but is merely notice of sale of the Bonds described herein. The Invitation for bids on such Bonds is being made by means of this Official Notice of Sale, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine all the documents to determine investment quality of the Bonds.

OFFICIAL NOTICE OF SALE
\$20,485,000*
CITY OF CARROLLTON, TEXAS
(Dallas, Denton and Collin Counties)
General Obligation Improvement Bonds, Series 2014
Selling: April 29, 2014

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BID: City of Carrollton, Texas (the "City") is offering for sale at competitive bid its \$20,485,000* General Obligation Improvement Bonds, Series 2014 (the "Bonds").

PLACE AND TIME OF SALE: The City will receive bids at the offices of the City Treasurer, 1945 E. Jackson Rd., Carrollton, Texas 75006, until 10:00 A.M., C.D.T., Tuesday, April 29, 2014, and the bids will be opened and publicly read. Bids may be submitted by one of three methods. A prospective bidder may submit a bid via (1) electronic means through the facilities of PARITY, (2) facsimile or (3) hand delivery. Each of these methods is fully described herein. Bids by telephone will not be accepted.

ELECTRONIC BIDDING PROCEDURE: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, prior to Tuesday, April 29, 2014, SIGNED Official Bid Forms to Priscilla Robinson, City Treasurer, City of Carrollton 1945 E. Jackson Rd., Carrollton, Texas 75006. Subscription to the Thomson Financial Municipal Group'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 Bonds 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 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 the Official 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 Ipreo, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Client Support (212)849-5024.

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 SALE – BASIS OF AWARD" herein. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

BIDS BY FACSIMILE: Bidders must submit, prior to Tuesday, April 29, 2014, SIGNED Official Bid Forms to Priscilla Robinson, City Treasurer, City of Carrollton, 1945 E. Jackson Rd., Carrollton, Texas 75006 and submit their bid by facsimile (fax) on the date of the sale.

Fax bids must be received at (972)466-3535, Attn: Priscilla Robinson, between 9:30 A.M. and 10:00 A.M. C.D.T. on April 29, 2014.

Estrada Hinojosa & Company, Inc. and the City of Carrollton, Texas assume no responsibility or liability with respect to any irregularities associated with the submission of bids if fax option is exercised.

BIDS BY HAND DELIVERY: Sealed Bids, which must be submitted in duplicate on the Official Bid Form and plainly marked "Bid for GO Bonds, Series 2014", are to be addressed to "City of Carrollton, 1945 E. Jackson Rd., Carrollton, Texas 75006" and delivered to the City prior to Tuesday, April 29, 2014 between 9:30 A.M. and 10:00 A.M., C.D.T.

BIDS BY TELEPHONE: Bids by telephone will not be accepted.

AWARD OF THE BONDS: The City Council of the City adopted the ordinance (the "Bond Ordinance") authorizing the issuance of the Bonds on April 15, 2014. In the Bond Ordinance, the City delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will complete the sale of the Bonds on the date of the bid opening. The Pricing Certificate and the Bond Ordinance are jointly referred to as the "Ordinance", and together such documents will authorize the issuance of the Bonds and approve the Official Statement. The City reserves the right to reject all bids and to waive any irregularities, except the time of filing.

*Preliminary, subject to change

THE BONDS

DESCRIPTION: The Bonds will be dated April 15, 2014. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will accrue from the date of the initial delivery of the Bonds. Interest on the Bonds will be paid on August 15 and February 15 of each year, commencing February 15, 2015 until maturity or prior redemption. The Bonds will be issued in fully registered form in principal amounts of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid by Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"). Interest will be paid by check dated as of the interest payment date and mailed on or before each interest payment date by the Paying Agent/Registrar to the registered owner appearing on the Paying Agent/Registrar's books on the record date (hereinafter defined) or by such other method accepted by the Paying Agent/Registrar, at the risk and expense of the registered owner. Principal will be paid to the registered owners at maturity or prior redemption upon presentation of the Bonds to the Paying Agent/Registrar. The Bonds will mature in each year as follows:

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(8/15)</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(8/15)</u>	<u>Principal</u> <u>Amount</u>
2015	645,000	2025	1,015,000
2016	795,000	2026	1,050,000
2017	810,000	2027	1,090,000
2018	830,000	2028	1,125,000
2019	855,000	2029	1,165,000
2020	875,000	2030	1,205,000
2021	900,000	2031	1,250,000
2022	925,000	2032	1,290,000
2023	955,000	2033	1,340,000
2024	980,000	2034	1,385,000

ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR BIDS INCLUDING CASH PREMIUM: Prior to the Sale: Prior to 10:00 AM CDT on the business day before the bids are due, the City may, in its sole discretion, adjust the principal amount set forth in the Maturity Schedule under "The Bonds" and/or the type of bid required on the Bonds including the cash premium. Estrada Hinojosa & Company, Inc., as Financial Advisor to the City, will give notice of any such adjustment by Bloomberg and PARITY. Any such notice shall be considered an amendment to this NOTICE OF SALE AND BIDDING INSTRUCTIONS and to the OFFICIAL BID FORM. For purposes 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 change to PARITY and a Bloomberg Wire. Also see "Conditions of the Sale" herein.

After the Sale: After final computation of the Bids, in awarding the sale to the best bidder, the City may determine in its sole discretion, that the funds necessary to carry out the purposes for which the Bonds are to be issued may be either more or less than the proceeds of the proposed sale of all of the Bonds. Upon making such determination, the City reserves the right to adjust the principal amount of the bonds shown on the Maturity Schedule in \$5,000 increments, such amount not to exceed 10% per maturity. Such adjustment(s), if any, shall be made within 4 hours of the award of the Bonds.

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 Bonds. 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 Bonds 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 Bonds 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 Bonds and/or the maturity schedule for the Bonds made by the City or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE" 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.

REDEMPTION: The Bonds maturing on or after August 15, 2025 are subject to optional redemption prior to maturity on or after August 15, 2024. See "THE BONDS – Optional Redemption Provisions" in the Official Statement.

SERIAL BONDS OR SERIAL BONDS AND TERM BONDS: Bidders may provide that all of the Bonds be issued as Serial Bonds maturing in accordance with the Maturity Schedule shown above or as a combination of Serial Bonds and Term Bonds.

MANDATORY SINKING FUND REDEMPTION: If the successful bidder elects to alter the Maturity Schedule reflected above and convert any of the principal amounts of the Serial Bonds into "Term Bonds", such "Term Bonds" shall be subject to mandatory redemption on the first August 15 next following the last maturity for Serial Bonds or Term Bonds, if applicable, immediately preceding such Term Bonds, and annually thereafter on each August 15 until the stated maturity for the Term Bonds at the redemption price of par plus accrued interest to the date of redemption. The principal amount of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amount that would have been due and payable in the Maturity Schedule shown above had no conversion to Term Bonds occurred. At least forty-five (45) days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Bonds 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 Bonds of the same maturity which at least fifty (50) days prior to a mandatory redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not therefore credited against a mandatory redemption requirement.

A Final Official Statement will incorporate the Mandatory Sinking Fund Redemption provisions for the Bonds in the event the successful bidder elects to convert serial maturities into one or more term bonds.

PURPOSE: Proceeds from the Bonds will be used to (i) pay costs of street, traffic, drainage, parks, public safety and central service center improvements in the City, and (ii) pay costs associated with the issuance of the Bonds.

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

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar shall be Amegy Bank, Houston, Texas (see "REGISTRATION, TRANSFER AND EXCHANGE" in the Official Statement). If the Paying Agent/Registrar becomes unable for any reason to act as Paying Agent/Registrar, the City has covenanted to appoint a successor Paying Agent/Registrar.

SOURCE OF PAYMENT: The Bonds are payable from a continuing direct annual ad valorem tax levied within limits prescribed by law (see "TAX RATE LIMITATIONS" in the Official Statement).

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: All bids must be submitted on the Official Bid Form enclosed herewith without change. The Bonds will be sold in one block on an "All or None" basis, and at a price of par plus a cash premium of not less than \$605,000 nor greater than \$610,000. Bidders must specify the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate for the Bonds (calculated in the manner required by Chapter 1204, Texas Government Code as amended) must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2% in rate. No limitation is imposed upon bidders as to the number of rates which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state the True Interest Cost (defined below) in its bid.

BASIS OF AWARD: For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the principal and interest payments on the Bonds from the dates of payment thereof to the dated date of the Bonds and to the price bid, which equal the par amount of the Bonds, plus premium. The resulting interest cost is referred to as the true interest cost ("TIC"). No conditional or "best efforts" bid will be considered. The Bonds will be awarded to the best bidder or syndicate account whose name first appears on the Official Bid Form (the "Initial Purchaser" or "Purchaser") whose bid based on the above computation produces the lowest TIC to the City. In case of error in TIC calculations, interest rates named in the Official Bid Form will govern; however, the City Council reserves the rights to reject any and all bids and to waive any and all irregularities, except the time for filling of the bids. If two or more equal bids are received, the City Council will determine by lot which bid, if any, shall be accepted, and such determination shall be final. The successful bidder will be required to agree to deliver within five days prior to the date of initial issuance and delivery of the Bonds, a certificate setting forth the "original issue price" of the Bonds, substantially in the form and to the effect attached hereto or accompanying this Notice of Sale.

GOOD FAITH DEPOSIT: A Good Faith Deposit, payable to the "City of Carrollton, Texas," in the amount of \$409,700 is required. Such Good Faith Deposit shall be in the form of a Cashiers Check, which is to be retained uncashed by the City pending the Purchaser's compliance with the terms of the bid and the Official Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or 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 on the date of delivery of the Bonds.** 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 Bonds 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 Bonds has been made.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond 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 Bonds in accordance with the terms of this Official 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 Bonds shall be paid by the City; 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 BONDS: The Bonds will be initially delivered as one Initial Bond (herein so called) in the aggregate principal amount of \$20,485,000*, payable in stated installments to the initial purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas and registered and manually signed by the Comptroller of Public Accounts. Initial delivery will be at the designated office of the Paying Agent/Registrar. Payment for the Bonds 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 five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery ("Initial Delivery") can be made on or about May 29, 2014 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 10:00 A.M., on May 29, 2014, or thereafter on the date the Bonds are tendered for delivery up to and including June 26, 2014. If for any reason the City is unable to make delivery on or before June 26, 2014, then the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend the offer for an additional thirty days. If the Initial Purchaser does not elect to extend the offer within five business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation.

DTC DEFINITIVE BONDS: After delivery of the Initial Bond, the Bonds will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein to the bond holders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form (without bonds) in the denomination of \$5,000 principal amount or any integral multiple thereof. Under certain limited circumstances described herein, the City may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case such beneficial interests would become exchangeable for one or more fully registered bonds of like principal amount for the Bonds.

EXCHANGE ON DELIVERY DATE: On written request of the Initial Purchaser, delivered to the Paying Agent/Registrar not less than five business days prior to the date fixed for delivery, the Paying Agent/Registrar will, on the delivery date, exchange the Initial Bond to be delivered by the City for Bonds registered in accordance with instructions contained in such request, in integral multiples of \$5,000, maturing as set out in this Official Notice of Sale and bearing interest in accordance with the terms of the Initial Purchaser's bid.

CONDITIONS TO DELIVERY: The obligation of the Purchaser to take up and pay for the Bonds is subject to the Purchaser's receipt of (a) the legal opinion of Fulbright & Jaworski LLP, Dallas, Texas, a member of Norton Rose Fulbright, 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. The Purchaser is not obligated to take up and pay for the Bonds at Initial Delivery if at any time after the award of the Bonds and at or prior to Initial Delivery, the Congress of the United States shall have declared war or a national emergency.

In 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 exclusion of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale. In the event the Purchaser will not reoffer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the City. **In no event will the City fail to deliver the Bonds as a result of the Purchaser's inability to sell a substantial amount of Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate, 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 OPINION: The Bonds are offered when, as and if issued, subject to the approving legal opinion of the Attorney General of the State of Texas, and Fulbright & Jaworski LLP, Dallas, Texas (see Legal Opinion in Official Statement); the opinion of said firm may accompany or be printed on the Bonds.

Bond Counsel was engaged by, and solely represents, the City with respect to the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Bid Form, Official Notice of Sale or 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 Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

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

*Preliminary, subject to change.

INFORMATION FROM PURCHASER: The Purchaser must certify to the City the initial offering price (excluding bond houses, brokers and other intermediaries) of the Bonds at which a substantial amount of Bonds were sold to the public, to enable the City to file required information with the Internal Revenue Service and to compute the yield on the Bonds for federal arbitrage law purposes.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the Purchaser may withdraw its bid if the interest received by private holders of bonds of the same type and character as the Bonds shall be declared to be taxable 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 Official Notice of Sale.

GENERAL

FINANCIAL ADVISOR: Estrada Hinojosa & Company, Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Estrada Hinojosa & Company, Inc. in its capacity as Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representation contained in any of the legal documentation with respect to the federal income tax status of the Bonds. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement.

BLUE SKY LAWS: The City has made no investigation regarding the eligibility to purchase or participate in the underwriting of the Bonds 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 Bonds. By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, except that the City will not consent to service of process.

RATINGS: Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "AAA" and "AAA" respectively, to the Bonds. Explanations of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the view of such organizations at the time such ratings were given and the City makes no representation as to the appropriateness of such ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by said rating companies, if in the judgment of said rating companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

OFFICIAL STATEMENT

FINAL OFFICIAL STATEMENT: The City has prepared the accompanying Official Statement for dissemination to potential purchasers of the Bonds, 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 best knowledge and belief of the City, the Official Statement contains information, including financial information and operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. The Purchaser will be responsible for informing the City of the initial offering yields. The City will prepare a Final Official Statement describing these offering yields, the interest rates on the Bonds, the selling compensation, the final debt service schedule, the ratings assigned to the Bonds, and the terms of and obligor on any policy of municipal bond insurance. Accordingly, the City deems the accompanying Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the Final Official Statement or any amendment or supplement thereto to the Purchaser on or after the sale date, the City represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(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 City are those described in the Official Statement under "Certification of the Official Statement."

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

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

CHANGES TO THE OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the City learns or is notified by the Purchaser of any adverse event which may cause any of the key representations in the Official Statement to be materially misleading, the City 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 Bonds as described in the “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY” herein. The obligation of the City to do so will terminate when the City delivers the Bonds to the Purchaser, unless the Purchaser notifies the City that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not for more than 90 days after the sale date) until all of the Bonds have been sold to ultimate customers.

DELIVERY OF OFFICIAL STATEMENT: The City will furnish to the Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Purchaser), within seven days after the sale date, up to 50 Official Statements. The City will also furnish to the Purchaser a like number of any supplement or amendment prepared by the City for dissemination to potential purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Purchaser may request prior to the 90th day after the end of the underwriting period referred to in SEC Rule 15c2-12(e)(2). The City will pay the expense of preparing up to 50 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

ADDITIONAL COPIES OF NOTICE OF SALE, BID FORM AND OFFICIAL STATEMENT: A limited number of additional copies of this Official 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 Estrada Hinojosa & Co., Inc., 1717 Main Street, Suite 4700, Dallas, Texas, 75201, Financial Advisor to the City.

On the date of the sale, the Pricing Officer will, in the Pricing Certificate, confirm the 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 Bonds by the Purchaser.

Mayor, City of Carrollton, Texas

ATTEST:

City Secretary, City of Carrollton, Texas

OFFICIAL BID FORM

Tuesday, April 29, 2014

City of Carrollton, Texas
 1945 E. Jackson
 Carrollton, Texas 75006

Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement, dated April 16, 2014 which are incorporated herein by reference, we hereby submit the following bid for **\$20,485,000* CITY OF CARROLLTON, TEXAS GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2014**, dated April 15, 2014. We have read in detail the Official Notice of Sale and Preliminary Official Statement. We realize that the Bonds involve certain investment risks, and we have made such inspections and investigations we deem necessary relating to the City and to the investment quality of the Bonds. This offer is being made for all said Bonds and for not less than all.

For said legally issued Bonds, we will pay you the par value thereof, plus accrued interest from their date to the date of delivery to us, plus a cash premium of \$_____ (not less than \$605,000 nor greater than \$610,000) for Bonds maturing and bearing interest per annum as follows:

Select one: There are no term bonds in this bid. This bid does contain term bonds. Details are as follows. Interest rates are shown below.

Term Bond Maturity Date	_____	_____	_____	_____	_____
Total Term Bond Amount	_____	_____	_____	_____	_____
1st Year of Mandatory Redemption	_____	_____	_____	_____	_____

<u>Maturity Date (8/15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date (8/15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	645,000	_____ %	2025	1,015,000	_____ %
2016	795,000	_____	2026	1,050,000	_____
2017	810,000	_____	2027	1,090,000	_____
2018	830,000	_____	2028	1,125,000	_____
2019	855,000	_____	2029	1,165,000	_____
2020	875,000	_____	2030	1,205,000	_____
2021	900,000	_____	2031	1,250,000	_____
2022	925,000	_____	2032	1,290,000	_____
2023	955,000	_____	2033	1,340,000	_____
2024	980,000	_____	2034	1,385,000	_____

Interest cost, in accordance with the above bid, is:

PURCHASE PRICE (Par Amount Plus Premium)	\$ _____
TOTAL INTEREST COST	\$ _____
TRUE INTEREST COST	_____ %

The Initial Bond shall be registered in the name of _____ (Syndicate Manager), which will, upon payment for the Bonds, be canceled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System. We will advise the Paying Agent/Registrar of registration instructions at least five business days prior to the date set for Initial Delivery.

A Cashier's Check of the _____ Bank, _____, Texas, in the amount of \$409,700, 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 Notice of Sale" and "Official Statement." If we fail or refuse to make payment for and accept delivery of the Bonds in accordance with our bid, this check will be cashed and accepted by the City as full and complete liquidated damages and we shall have no further claim to such monies. The Good Faith Deposit of the Purchaser will be returned on the date of delivery of the Bonds.

We agree to accept delivery of the Bonds through the Paying Agent/Registrar and make payment for the Initial Bond in immediately available funds at the designated office of Amegy Bank, Houston, Texas not later than 1:00 P.M., C.D.T., on May 29, 2014, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale and instructions from the City.

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

Respectfully submitted,

By _____
 Authorized Representative

ACCEPTED by the City of Carrollton, Texas this _____ day of _____, 2014.

 Pricing Officer

Return of Good Faith Deposit is hereby acknowledged:

Firm: _____ By: _____

(For your information, you will find attached a list of the group of underwriters associated with us in this proposal.)

*Preliminary, subject to change

CERTIFICATE OF UNDERWRITER

The undersigned hereby certifies as follows with respect to the sale of the City of Carrollton, Texas, General Obligation Improvement Bonds, Series 2014 (the "Bonds"):

1. The undersigned is the duly authorized representative of the underwriter or the manager of the syndicate of underwriters (the "Underwriter") which has purchased the Bonds from the City of Carrollton, Texas (the "Issuer") at competitive sale.
2. The Underwriter and/or one or more other members of the underwriting syndicate, if any, have made a bona fide offering to the public of all of the Bonds of each maturity at the respective prices set forth below.
3. The initial offering price (expressed as a percentage of principal amount or yield and exclusive of accrued interest) for the Bonds of each maturity at which a substantial amount thereof (at least 10 percent) of the Bonds of such maturity was sold to the public is set forth below:

<u>Maturity Date</u> <u>(8/15)</u>	<u>Principal</u> <u>Amount</u>	<u>Offering</u> <u>Price</u> <u>(% Yield)</u>	<u>Maturity Date</u> <u>(8/15)</u>	<u>Principal</u> <u>Amount</u>	<u>Offering</u> <u>Price</u> <u>(% Yield)</u>
2015	645,000	_____ %	2025	1,015,000	_____ %
2016	795,000	_____	2026	1,050,000	_____
2017	810,000	_____	2027	1,090,000	_____
2018	830,000	_____	2028	1,125,000	_____
2019	855,000	_____	2029	1,165,000	_____
2020	875,000	_____	2030	1,205,000	_____
2021	900,000	_____	2031	1,250,000	_____
2022	925,000	_____	2032	1,290,000	_____
2023	955,000	_____	2033	1,340,000	_____
2024	980,000	_____	2034	1,385,000	_____

4. For purposes of this certificate, the term "public" means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
5. The offering prices described above reflect current market prices at the time of such sales.
6. 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 Bonds. The bond insurance, if any, has been purchased from _____ (the "Insurer") for a premium cost of \$_____ (net of any non-guarantee 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 services savings expected to be realized as a result of such insurance, discounted at a rate equal to the yield on the Bonds which results after recovery of the insurance premium, exceeds the present value of the bond insurance premium.
7. The undersigned 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, on the exclusion of interest on the Bonds from the gross income of the owners thereof.

EXECUTED and DELIVERED this _____ day of _____, 2014.

(Name of Underwriter or Manager)

By: _____

Name: _____

Title: _____