

**OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS**  
**On**  
**\$18,020,000\***  
**POLK COUNTY, TEXAS**

**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

**Sealed Bids Due WEDNESDAY, MAY 16, 2012 at 11:00 A.M., CDT**

**THE SALE**

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING:** Polk County, Texas (the "County"), is offering for sale its \$18,020,000\* Polk County, Texas General Obligation Refunding Bonds, Series 2012 (the "Bonds").

Bidders may submit bids either by (i) electronic submission; (ii) telephone; or (iii) physical delivery. **All bidders must submit signed bid forms prior to 11:00 a.m. CDT on Wednesday, May 16, 2012** to Spook Willoughby, Coastal Securities, Inc., 920 Memorial City Way, 11<sup>th</sup> Floor, Houston, Texas 77024. **All bids must be received by 11:00 a.m. CDT on the date of the sale.**

Bids may be submitted electronically through the facilities of the PARITY Electronic Bid Submission System ("PARITY"). Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required to submit an electronic bid. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

The official time for the receipt of all bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of the Official Notice of Sale and Bidding Instructions, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale and Bidding Instructions, the terms of this Official Notice of Sale and Bidding Instructions shall control. For further information about the PARITY System, potential bidders may contact Parity Customer Support, 40 West 23<sup>rd</sup> Street, 5<sup>th</sup> Floor, New York, New York 10010, (212) 404-8102.

**TELEPHONE BIDS:** Bids may be submitted by telephone **provided prior arrangements have been made with Coastal Securities to transcribe the telephone bids.** Bidders who wish assistance in processing their bids via telephone must submit Official Bid Forms to Spook Willoughby, Coastal Securities, Inc., 920 Memorial City Way, 11<sup>th</sup> Floor, Houston, Texas, 77024, (713) 435-4398 by 11:00 a.m. CDT on date of sale, Wednesday, May 16, 2012 and submit their bid by telephone on the date of the sale. No bids received after the deadline will be submitted. **No faxed bids will be allowed.**

**DELIVERED BIDS:** Sealed bids, plainly marked "Bid for Bonds," should be addressed to "County Judge and Commissioners Court, County of Polk, Texas" and delivered prior to 11:00 a.m. on the date of sale to Coastal Securities, Inc., c/o Spook Willoughby, 920 Memorial City Way, 11<sup>th</sup> Floor, Houston, Texas, 77024. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

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\*Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.

**PLACE AND TIME OF BID OPENING:** The bids for the Bonds will be available for inspection in the offices of Coastal Securities, Inc., Financial Advisor, at 11:00 a.m., CDT on May 16, 2012.

**AWARD OF THE BONDS:** The Commissioners Court of the County adopted an order authorizing the issuance of the Bonds on February 28, 2012 (the “Order”) and delegated to and authorized the County Judge and County Auditor to execute a pricing certificate awarding the winning bid in accordance with the terms of the Order and this Official Notice of Sale.

**Sale of the Bonds will be made subject to the terms, conditions and provisions of the Order, to which Order reference is hereby made for all purposes. The County reserves the right to reject any and all bids and to waive any irregularities, except time of filing.**

### THE BONDS

**DESCRIPTION:** The Bonds will be dated June 1, 2012 (the “Dated Date”). Interest will accrue from the Dated Date and is payable on August 15, 2012 and each February 15 and August 15 thereafter until the earlier of redemption or maturity and will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form and when issued, will be registered in the name of Cede & Co., as registered owner and the nominee of The Depository Trust Company (“DTC”), pursuant to the Book-Entry-Only System. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof, and are scheduled to mature as follows. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by BOKF, dba Bank of Texas, Austin, Texas (the “Paying Agent/Registrar”) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. The Bonds mature as set forth below:

#### MATURITY SCHEDULE\*

Due	Principal
<u>August 15</u>	
2013	\$ 675,000
2014	1,020,000
2015	1,045,000
2016	1,075,000
2017	1,110,000
2018	1,145,000
2019	1,175,000
2020	1,215,000
2021	1,250,000
2022	1,285,000
2023	1,320,000
2024	1,365,000
2025	1,405,000
2026	1,445,000
2027	1,490,000

\*See “CONDITIONS OF SALE – BASIS FOR AWARD.”

**ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS:** After final computation of the bids, the County reserves the right in its sole discretion either to decrease or increase the principal amount of any maturity of the Bonds. Individual maturities may be adjusted in a manner that the aggregate principal amount of the Bonds is adjusted by no more than 10% of the proposed par amount. Such adjustments(s), if any, shall be made within 4 hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the County in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

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 County 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 – 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.

**BOOK-ENTRY-ONLY SYSTEM:** The County intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “THE BONDS - Book-Entry-Only System” in the Preliminary Official Statement.

**OPTIONAL REDEMPTION:** The County reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2021, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2020 or any date thereafter, at the par value plus accrued interest to the date fixed for redemption.

**SERIAL BONDS OR SERIAL BONDS AND TERM BONDS:** Bidders may provide that all the Bonds be issued as serial Bonds maturing in accordance with the Maturity Schedule shown on the Official Bid Form (Alternative 1) or as a combination of Serial Bonds and Term Bonds (Alternative 2), but with Term Bonds permitted only as described in Alternative 2 below.

- Alternative 1 - Serial Bonds  
Serial Bonds maturing on August 15, 2013 through August 15, 2027
  
- Alternative 2 - Serial Bonds and Term Bonds  
One or more Term Bonds consisting of the August 15, 2013 through August 15, 2027 maturities with such Term Bond consisting of two or more consecutive annual principal amounts accumulated from the Maturity Schedule show on the Official Bid Form. Bidders may reestablish Serial Bonds following a Term Bond.

**MANDATORY SINKING FUND:** If the successful bidder designates principal amounts to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Term Bond and continuing August 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above. Term Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Bonds then subject to redemption.

**PAYING AGENT/REGISTRAR:** The Initial Paying Agent/Registrar shall be BOKF, NA dba Bank of Texas, Austin, Texas. See “THE BONDS - Paying Agent/Registrar” in the Preliminary Official Statement.

**SOURCE OF PAYMENT:** Principal of and interest on the Bonds are payable from the proceeds of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County. The Bonds are direct obligations of the County and are not obligations of the State of Texas or any other political subdivision. See “THE BONDS – Sources of Payment” in the Preliminary Official Statement.

**NOT QUALIFIED TAX-EXEMPT OBLIGATIONS:** The County will not designate the Bonds as “qualified tax-exempt obligations” for financial institutions.

## CONDITIONS OF THE SALE

**TYPE OF BIDS AND INTEREST RATES:** The Bonds will be sold in one block on an “all or none” basis, at par or greater plus accrued interest from the Dated Date of the Bonds to the date of delivery of the Bonds with a cash premium, if any, not to exceed 1.5% of the par amount, provided, however, that any bid is subject to adjustment as described under the caption **“THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS.”** Bidders are invited to name 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 must not exceed 15%. The highest coupon rate for any maturity may not exceed the lowest rate by more than 2%. No limitation is imposed upon bidders as to the number of rates or changes 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 rate of its bid, which shall be considered informative only and not as a part of the bid.

**BASIS FOR AWARD:** The sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Initial Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest **true interest cost rate** to the County. The true interest cost rate is that annual rate which, when used to compute the total present value as of the Dated Date of the Bonds of all debt service payments on the Bonds on the basis of semi-annual compounding, using a 360-day year composed of twelve consecutive 30-day months, produces an amount equal to the sum of the par value of the Bonds plus any premium bid (but not interest accrued from the Dated Date of the Bonds to the date of their delivery). In the event of the bidder’s error in interest cost calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

**GOOD FAITH CHECK:** Each bid must be accompanied by a **bank cashier’s check** (the “Good Faith Check”) payable to the order of “Polk County, Texas” in the amount of \$360,400, which is 2% of the par value of the Bonds. The Good Faith Check may accompany the Official Bid Form, or it may be submitted separately. If submitted separately, it shall be made available to the County prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Check by the bidder, who shall be named in such instructions. The Good Faith Check of the Initial Purchaser for the Bonds will be retained uncashed by the County pending the Initial Purchaser’s compliance with the terms of its bid, the Official Bid Form and this Official Notice of Sale. Upon payment of the par value of the Bonds, plus accrued interest, plus any premium bid (the “Full Purchase Price”), the Good Faith Check will be returned uncashed to the Initial Purchaser. No interest will be paid on the Good Faith Check. If the Initial Purchaser fails or refuses to pay the Full Purchase Price, then such check shall be cashed and the proceeds retained by the County as full and complete liquidated damages. Good Faith Checks accompanying bids other than the bid of the Initial Purchaser will be returned promptly following the award of the sale of the Bonds to the Initial Purchaser.

## 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 Initial 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 County; provided, however, that the CUSIP Service Bureau assignment of the numbers shall be the responsibility of and **shall be paid for by the Initial Purchaser.**

**DELIVERY OF BONDS:** Delivery will be accomplished by the issuance of one Initial Bond, either in typed or printed form, in the total aggregate principal amount of the Bonds, signed by the County Judge of the County, approved by the Attorney General of the State of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede and Co. and deposited with DTC in connection with DTC’s Book-Entry-Only System. Delivery will be at the office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the County, or as otherwise directed by the County. The Initial Purchaser will be given five business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about June 19, 2012 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds by 10:00 a.m.,

CDT, on June 19, 2012 or thereafter on the date the Bonds are tendered for delivery, up to and including July 19, 2012. If for any reason the County is unable to make delivery on or before July 19, 2012, the County shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within five days thereafter, then its Good Faith Deposit will be returned, and both the County and the Initial Purchaser shall be relieved of any further obligation. In no event shall the County be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances reasonably beyond the County's control.

**CONDITIONS TO DELIVERY:** The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of (a) the legal opinion of Bickerstaff Heath Delgado Acosta, Austin, Texas, Bond Counsel for the County ("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 County 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 Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the County a certification as to their "issue price" substantially in the form and to the effect attached hereto and accompanying this Official Notice of Sale and Bidding Instructions. In the event the successful bidder does not reoffer the Bonds for sale, such certification may be modified in a manner approved by the County. **In no event will the Initial Purchaser be relieved of its obligation to purchase the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certification by the date of delivery of the Bonds, if its bid is accepted by the County. It will be the responsibility of the Initial 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 Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Initial Purchaser of the opinion of Bond Counsel, in substantially the form attached as APPENDIX D to the Preliminary Official Statement.

**CHANGE IN TAX-EXEMPT STATUS:** At any time before the Bonds are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on 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 and Bidding Instructions.

**NO MATERIAL ADVERSE CHANGE:** The obligation of the County to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the County from facts set forth in or contemplated by the "Preliminary Official Statement" as it maybe have been supplemented or amended through the date of sale.

## GENERAL

**FINANCIAL ADVISOR:** Coastal Securities, Inc. ("Coastal") is employed as Financial Advisor to the County 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. Coastal, in its capacity as Financial Advisor has not verified and 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

**BLUE SKY LAWS:** The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under securities acts of any other jurisdiction. The County 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 provisions.

By submission of its bid, the Initial 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 Initial Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The County agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the County shall not be obligated to execute a general or special consent to service of process or qualify to do business in any such jurisdiction.

**CERTIFICATION REGARDING OFFERING PRICE OF BONDS:** In order to provide the County with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exemption of interest on the Bonds from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute, and deliver to the County's financial advisor, Coastal, (on the next business day following the award of the Bonds) a certification regarding "issue price" substantially in the form accompanying this Notice of Sale. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a Bond by the next business day following award of the Bonds, if its bid is accepted by the County. It will be the responsibility of the Initial 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.

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

**ISSUANCE OF ADDITIONAL DEBT:** The County anticipates issuing additional ad valorem tax supported debt within the next twelve months in the form of tax notes for planned capital equipment purchases and related expenses.

**RATING:** Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("Standard & Poor's") has assigned its underlying municipal bond rating of "A+/stable" to the Bonds.

**MUNICIPAL BOND INSURANCE:** In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to the rating agency as a result of said insurance will be paid by the County. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any rating downgrade on the bond insurance provider after the Bid Opening shall not relieve the Initial Purchaser of its obligation to purchase the Bonds.

**THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12:** By accepting the winning bid, the County agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC"). The County has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), has deemed 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 best knowledge and belief of the County, 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 Bonds. Representations made and to be made by the County concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Official Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

If, subsequent to the date of the Official Statement, the County learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the County will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS - Conditions to Delivery." The obligation of the County to do so will terminate when the County delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the County 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.

If requested, the County will furnish to the Initial Purchaser, in accordance with instructions received from the Initial Purchaser, within seven (7) business days from the sale date an aggregate of up to **200** copies of the Official Statement, including a like number of copies of any supplement(s) reflecting interest rates and other terms relating to the initial reoffering of the Bonds. Any Official Statements in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser. Except as noted above, the County 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 Bonds.

**CERTIFICATION OF OFFICIAL STATEMENT:** At the time of payment for and initial delivery of the Bonds, the County will execute and deliver to the Initial Purchaser a certificate in the form described in the Preliminary Official Statement.

**CONTINUING DISCLOSURE AGREEMENT:** The County will agree in the Order to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The obligation of the Initial Purchaser to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Order containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS:** The County became obligated to file annual reports with the state information depository and each nationally recognized municipal securities information repository pursuant to a general obligation debt offering that took place in 2007. The County timely filed the information with the Municipal Advisory Council of Texas, the State Information Depository for the State of Texas, believing such filing to constitute filing through DisclosureUSA.org. Subsequently, all such information was filed. The County timely filed its annual audit for fiscal year ending September 30, 2008, which the County believed was to contain the financial information required in its undertaking. It was discovered that the following required items were not contained in the audit: Schedule 4 - "Historical Analysis of Ad Valorem Taxes", Schedule 5 - "Tax Rate Distribution", Schedule 6 - "Taxable Assessed Valuation" and Schedule 7 - "Ten Largest Taxpayers." Such information has been filed, and the County has arranged with its outside auditor for this information to be included in future audits. The County is current with its filings through EMMA.

**ADDITIONAL COPIES OF NOTICE OF SALE AND BIDDING INSTRUCTIONS:** Printed copies are available electronically through BIDCOMP/PARITY. A limited number of printed copies of this Official Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement may be obtained at the offices of Coastal Securities, 920 Memorial City Way, 11<sup>th</sup> Floor, Houston, Texas, 77024, Financial Advisor to the County.

On the date of the sale, the County Judge or County Auditor, in the Pricing Certificate, will confirm the County's 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 Bonds by the Initial Purchaser.

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County Judge  
Polk County, Texas

**OFFICIAL BID FORM**

County Judge and County Commissioners:  
Polk County, Texas

Reference is made to your Preliminary Official Statement and Official Notice of Sale and Bidding Instructions dated May 3, 2012 for **\$18,020,000\* POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012** (the “Bonds”) both of which constitute a part hereof and are incorporated herein.

For your legally issued Bonds, as described in said Official Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus accrued interest from the Dated Date, June 1, 2012, to the date of delivery to us, plus a cash premium of \$\_\_\_\_\_ <sup>(1)</sup> **(provided, however, that any bid is subject to adjustment as described in the Official Notice of Sale and Bidding Instructions under the caption “THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS”)** for Bonds maturing and bearing interest as follows:

Due August 15	Principal	Interest Rate
2013	\$ 675,000	_____
2014	1,020,000	_____
2015	1,045,000	_____
2016	1,075,000	_____
2017	1,110,000	_____
2018	1,145,000	_____
2019	1,175,000	_____
2020	1,215,000	_____
2021 <sup>(2)</sup>	1,250,000	_____
2022 <sup>(2)</sup>	1,285,000	_____
2023 <sup>(2)</sup>	1,320,000	_____
2024 <sup>(2)</sup>	1,365,000	_____
2025 <sup>(2)</sup>	1,405,000	_____
2026 <sup>(2)</sup>	1,445,000	_____
2027 <sup>(2)</sup>	1,490,000	_____

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\*Preliminary, subject to change. See “THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS” herein.

- (1) Bids may not include a cash premium in excess of 1.5% of the par amount of the Bonds. See “CONDITIONS OF THE SALE – Type of Bids and Interest Rates.”
- (2) Bonds having stated maturities on and after August 15, 2021, are subject to redemption at the option of the County, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2020, or any date thereafter at a price of par plus the accrued interest from the most recent interest payment date to the date fixed for redemption.

For those years which have been combined into Term Bonds, 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 Bond maturity date shall mature in such year. The Term Bonds created are as follows:

Maturity Date <u>August 15</u>	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If accepted by the County, this bid shall thereupon become a contract of purchase for the Bonds under the terms contained herein and in the Official Notice of Sale and Bidding Instructions and Preliminary Official Statement. We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through The Depository Trust Company (“DTC”) and make payment for the Initial Bond in immediately available funds to you at the office of BOKF, NA dba Bank of Texas, Austin, Texas (the “Paying Agent/Registrar”) or such other place as the County may designate in accordance with the terms of the Official Notice of Sale. Should we fail to accept such delivery, the Good Faith Check shall be cashed and the proceeds retained by the County as complete liquidated damages.

In accordance with the terms of the Official Notice of Sale and Bidding Instructions, the Good Faith Check, a bank cashier’s or bank certified check for \$360,400, drawn upon \_\_\_\_\_, is herewith enclosed or has been made available to the County prior to the opening of this bid with authorizing instructions from such bank. Such Good Faith Check is payable to the order of “Polk County, Texas.” If the Bonds are awarded to us, the Good Faith Check will be retained by the County uncashed until the Full Purchase Price (consisting of the par value of the Bonds plus the cash premium, if any, plus accrued interest to the date of delivery) has been paid to the County by us, in federal or immediately available funds to the Paying Agent/Registrar, for immediate and unconditional credit to the County. Upon payment of the Full Purchase Price, the County agrees to return the Good Faith Check to us.

Accordingly, if the Bonds are awarded to us, we agree to pay you in federal funds acceptable to the County, for immediate and unconditional credit to the County or as otherwise directed by the County, the Full Purchase Price. If the Bonds are not awarded to us, the Good Faith Check will be returned to us promptly.

The undersigned agrees to complete, execute and deliver to the County, within 5 business days of the award of sale of the Bonds, an Issue Price Certificate of Purchaser relating to the “issue price” of the Bonds in the form accompanying the Official Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the County.

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

(Note: Not part of bid)

Respectfully submitted,

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

By: \_\_\_\_\_  
Authorized Representative

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

The Initial Bond shall be registered in the name of \_\_\_\_\_, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The definitive 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 at least five business days prior to the date set for initial delivery.

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the County of Polk, subject to and in accordance with the Official Notice of Sale and Bidding Instructions, this the 16th day of May 2012.

\_\_\_\_\_  
County Judge  
Polk County, Texas

ATTEST:

\_\_\_\_\_  
County Clerk  
Polk County, Texas

**CERTIFICATE OF PURCHASER**

The undersigned hereby certifies as follows with respect to the bid and purchase of the \$18,020,000\* Polk County General Obligation Refunding Bonds, Series 2012 (the “Bonds”):

1. The undersigned is the duly authorized representative of the Initial Purchaser (the “Initial Purchaser”) of the Bonds from the County of Polk, Texas (the “Issuer”).
2. All of the Bonds have been offered to members of the public in a bona fide public offering. For purposes of this 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 Initial Purchaser or members of the selling group or persons that are related to, or controlled by, or are acting on behalf of or as agents for the undersigned or members of the selling group).
3. The initial offering price for each maturity of the Bonds represents (i) the Initial Purchaser’s reasonable determination of the fair market value of each maturity of the Bonds on the sale date and (ii) the prices at which the Initial Purchaser, based on market conditions of the sale, reasonably expected to sell all the Bonds.
4. Other than the obligations set forth in paragraph 5 hereof (the “Retained Maturity” or “Retained Maturities”), the first price/yield at which each Bond of each such maturity was offered to the public at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Bonds was sold to the public is set forth below.

<u>Principal Amount Maturing</u>	<u>Year of Maturity</u>	<u>Offering Price (% of Yield)</u>
\$ 675,000	2013	_____
1,020,000	2014	_____
1,045,000	2015	_____
1,075,000	2016	_____
1,110,000	2017	_____
1,145,000	2018	_____
1,175,000	2019	_____
1,215,000	2020	_____
1,250,000	2021	_____
1,285,000	2022	_____
1,320,000	2023	_____
1,365,000	2024	_____
1,405,000	2025	_____
1,445,000	2026	_____
1,490,000	2027	_____

5. In the case of the Retained Maturities, the Initial Purchaser offered each Bond of each maturity to the public and 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 Amount Maturing	Year of Maturity	Offering Price (% of Yield)
\$ 675,000	2013	_____
1,020,000	2014	_____
1,045,000	2015	_____
1,075,000	2016	_____
1,110,000	2017	_____
1,145,000	2018	_____
1,175,000	2019	_____
1,215,000	2020	_____
1,250,000	2021	_____
1,285,000	2022	_____
1,320,000	2023	_____
1,365,000	2024	_____
1,405,000	2025	_____
1,445,000	2026	_____
1,490,000	2027	_____

6. Based on the foregoing, the aggregate of such initial offering prices of all the Bonds is \$\_\_\_\_\_, which price includes pre-issuance accrued interest in the amount of \$\_\_\_\_\_.

7. The Initial 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 Bonds is excludable from the gross income of the owners thereof and their preparation of the Internal Revenue Service Form 8038-G.

EXECUTED and DELIVERED this \_\_\_\_ day of \_\_\_\_\_, 2012

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_