

OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

On

\$4,600,000

CITY OF WHARTON, TEXAS

(Wharton County, Texas)

TAX and REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011

Receiving Bids Until 11:00 a.m. CDT MONDAY, June 27, 2011

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING: The City of Wharton, Texas (the "City"), is offering for sale its \$4,600,000 City of Wharton, Texas Tax and Revenue Certificates of Obligation, Series 2011 (the "Certificates").

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 MONDAY JUNE 27, 2011** to Marian Willoughby, Coastal Securities, Inc., 5555 San Felipe, Suite 2200, Houston, Texas 77056. **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 City 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 Certificates 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 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 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 23rd Street, 5th 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 Marian Willoughby, Coastal Securities, Inc., 5555 San Felipe, Suite 2200, Houston, Texas, 77056, (713) 435-4598 by 1:00 p.m. CDT on the date of sale, 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 Certificates," should be addressed to "Mayor and City Council, City of Wharton, Texas" and delivered prior to 1:00 p.m. on the date of sale to Coastal Securities, Inc., c/o Jim Gilley, 5555 San Felipe, Suite 2200, Houston, Texas, 77056. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

AWARD OF THE CERTIFICATES: The City Council of the City will take action to award the Certificates (or reject all bids) at a regular meeting to commence at 7:00 p.m. CDT, June 27, 2011, and adopt an ordinance (the "Ordinance") authorizing the issuance of the Certificates.

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

THE CERTIFICATES

DESCRIPTION: The Certificates will be dated July 1, 2011 (the “Dated Date”). Interest will accrue from the Dated Date and will be is payable on June 1, 2012 and each December 1 and June 1 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 Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof, and are scheduled to mature as follows. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by 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 Certificates. The Certificates mature as set forth below:

MATURITY SCHEDULE

Due June 1	Principal	Due June 1	Principal
2012	\$ 10,000	2022	\$ 305,000
2013	10,000	2023	315,000
2014	10,000	2024	330,000
2015	50,000	2025	340,000
2016	220,000	2026	355,000
2017	210,000	2027	365,000
2018	200,000	2028	380,000
2019	225,000	2029	395,000
2020	245,000	2030	410,000
2021	225,000		

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

OPTIONAL REDEMPTION: The City reserves the right, at its option to redeem Certificates having stated maturities on and after June 1, 2020, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on June 1, 2019 or any date thereafter, at the par value plus accrued interest to the date fixed for redemption.

SERIAL CERTIFICATES OR SERIAL CERTIFICATES AND TERM CERTIFICATES: Bidders may provide that all the Certificates be issued as serial Certificates maturing in accordance with the Maturity Schedule shown on the Official Bid Form or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

MANDATORY SINKING FUND: If the successful bidder designates principal amounts to be combined into one or more term Certificates, each such term Certificate will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such term Certificate and continuing February 1 in each year thereafter until the stated maturity date of that term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above. Term Certificates 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 Certificates then subject to redemption. See “THE CERTIFICATES – Mandatory Redemption” in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR: The Initial Paying Agent/Registrar shall be Wells Fargo Bank, N.A., Fort Worth, Texas (See “THE CERTIFICATES - Paying Agent/Registrar” in the Preliminary Official Statement).

SOURCE OF PAYMENT: Principal of and interest on the Certificates are payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City and a limited pledge of a subordinate lien (not to exceed \$10,000) on the net revenues of the City’s Water & Sewer System. The Certificates are direct obligations of the City and are not obligations of the State of Texas or any other political subdivision. (See “THE CERTIFICATES – Sources of Payment” in the Preliminary Official Statement.)

QUALIFIED TAX-EXEMPT OBLIGATIONS: The City will designate the Certificates as “qualified tax-exempt obligations” and has represented that the aggregate amount of the tax-exempt obligations (including the Certificates but not including (i) private activity bonds other than “qualified 501(c)(3) bonds or (ii) any obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the amount of the refunded obligations) issued by the City and entities subordinate to the City during calendar year 2011 is not expected to exceed \$10 million and that the City and entities subordinate to the City have not designated more than \$10 million in “qualified tax-exempt obligations” (including the Certificates) during the calendar year 2011.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES: The Certificates 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 Certificates to the date of delivery of the Certificates with a cash premium, if any, not to exceed 1.5% of the par amount. 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 1/20 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 Certificates 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 Certificates will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest **true interest cost rate** to the City (the “Initial Purchaser”). 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 Certificates of all debt service payments on the Certificates 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 Certificates plus any premium bid (but not interest accrued from the Dated Date of the Certificates 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 “City of Wharton, Texas” in the amount of \$92,000, which is 2% of the par value of the Certificates. 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 City 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 Certificates will be retained uncashed by the City 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 Certificates, 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 City 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 Certificates to the Initial Purchaser.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this 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 Certificates shall be paid by the City; 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 CERTIFICATES: Delivery will be accomplished by the issuance of one Initial Certificate for each maturity either in typed or printed form, in the total aggregate principal amount of the Certificates, signed by the Mayor of the City, 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 Certificate, it shall be immediately cancelled and one definitive Certificate 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 Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given five 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 July 28, 2011 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 a.m., CDT, on July 28, 2011 or thereafter on the date the Certificates are tendered for delivery, up to and including August 24, 2011. If for any reason the City is unable to make delivery on or before August 24, 2011, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within five days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances reasonably beyond the City's control.

CONDITIONS TO DELIVERY: The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser's receipt of (a) the legal opinion of Andrews Kurth LLP, Houston, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Preliminary 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 Initial 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 and accompanying this Official Notice of Sale and Bidding Instructions. In the event the successful bidder does not reoffer the Certificates for sale, such certification may be modified in a manner approved by the City. **In no event will the Initial Purchaser be relieved of its obligation to purchase the Certificates as a result of the Initial 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 certification by the date of delivery of the Certificates, if its bid is accepted by the City. 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 Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of the opinion of 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 Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on Certificates of the same type and character as the Certificates 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.

GENERAL

FINANCIAL ADVISOR: Coastal Securities, Inc. (“Coastal”) 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. 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 Certificates, 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 Certificates have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Certificates have not been registered or qualified under securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates 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 Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser’s written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process or qualify to do business in any such jurisdiction.

CERTIFICATION REGARDING OFFERING PRICE OF CERTIFICATES: In order to provide the City 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 Certificates from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute, and deliver to the City’s agent, Coastal, (on the next business day following the award of the Certificates) 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 certificate by the next business day following award of the Certificates, if its bid is accepted by the City. 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 Certificates, but is merely notice of sale of the Certificates. The offer to sell the Certificates is being made by means of the Official Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective Initial Purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

RATING: Moody’s Investors Service (“Moody’s”) has assigned its underlying municipal bond rating of “A2” to the Certificates.

MUNICIPAL BOND INSURANCE: The City has made application for qualification for the issuance of a municipal bond insurance policy in conjunction with the issuance of the Certificates. If an insurance policy is purchased by the Initial Purchaser, the premium is the responsibility of the Initial Purchaser.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12: By accepting the winning bid, the City 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 City 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 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 Official Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

If, subsequent to the date of the Official Statement, the City 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 City 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 Certificates as described below. See “DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS - Conditions to Delivery.” The obligation of the City to do so will terminate when the City delivers the Certificates to the Initial Purchaser, unless the Initial Purchaser notifies the City that less than all of the Certificates 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 Certificates have been sold to ultimate customers.

If requested, the City 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 Certificates. 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 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.

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS: For the past five years, the City has complied in all other material respects with its continuing disclosure agreements made in accordance with the Rule.

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, 5555 San Felipe, Suite 2200, Houston, Texas, 77056, Financial Advisor to the City.

On the date of the sale, the City Council of the City, in the Ordinance, will confirm the City'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 Certificates by the Initial Purchaser.

Mayor
City of Wharton, Texas

OFFICIAL BID FORM

Mayor and City Council:
City of Wharton, Texas

Reference is made to your Preliminary Official Statement and Official Notice of Sale and Bidding Instructions dated June 14, 2011 for **\$4,600,000 CITY OF WHARTON, TEXAS TAX & REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011** (the "Certificates") both of which constitute a part hereof and are incorporated herein.

For your legally issued Certificates, as described in said Official Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus accrued interest from Dated Date, July 1, 2011, to the date of delivery to us, plus a cash premium of \$_____ ⁽¹⁾ for Certificates maturing and bearing interest as follows:

<u>Due June 1</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Due June 1</u>	<u>Principal</u>	<u>Interest Rate</u>
2012	\$ 10,000	_____	2022	\$ 305,000	_____
2013	10,000	_____	2023	315,000	_____
2014	10,000	_____	2024	330,000	_____
2015	50,000	_____	2025	340,000	_____
2016	220,000	_____	2026	355,000	_____
2017	210,000	_____	2027	365,000	_____
2018	200,000	_____	2028	380,000	_____
2019	225,000	_____	2029	395,000	_____
2020	245,000	_____	2030	410,000	_____
2021	225,000	_____			

For those years which have been combined into Term Certificates, 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:

<u>Term Bond Maturity Date June 1</u>	<u>Year of First Mandatory Redemption</u>	<u>Term Bond Principal Amount</u>	<u>Interest Rate</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

- (1) Bids may not include a cash premium in excess of 1.5% of the par amount of the Certificates. See "CONDITIONS OF THE SALE – Type of Bids and Interest Rates."
- (2) Certificates having stated maturities on and after June 1, 2020, are subject to redemption at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on June 1, 2019, or any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

If accepted by the City, this bid shall thereupon become a contract of purchase for the Certificates under the terms contained herein and in the Official Notice of Sale and Bidding Instructions and Preliminary Official Statement. The Initial Certificate shall be registered in the name of Cede & Co. We will advise The Depository Trust Company ("DTC") of registration instructions at least five business days prior to the date set for initial delivery. We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds to you in Houston, Texas at the office of Bank of Texas, Austin, Texas (the "Paying Agent/Registrar") or such other place as the City 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 City 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 \$92,000, drawn upon _____ Bank, is herewith enclosed or has been made available to the City prior to the opening of this bid with authorizing instructions from such bank. Such Good Faith Check is payable to the order of "City of Wharton, Texas." If the Certificates are awarded to us, the Good Faith Check will be retained by the City uncashed until the Full Purchase Price (consisting of the par value of the Certificates plus the cash premium, if any, plus accrued interest to the date of delivery) has been paid to the City by us, in federal or immediately available funds to the Paying Agent/Registrar, for immediate and unconditional credit to the City. Upon payment of the Full Purchase Price, the City agrees to return the Good Faith Check to us.

Accordingly, if the Certificates are awarded to us, we agree to pay you in federal funds acceptable to the City, for immediate and unconditional credit to the City or as otherwise directed by the City, the Full Purchase Price. If the Certificates 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 City, within 5 business days of the award of sale of the Certificates, an Issue Price Certificate relating to the "issue price" of the Certificates in the form accompanying the Official Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City.

If the bid is accepted by the City, this bid shall thereupon become a contract of purchase for the Certificates 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 Certificates 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 City.**

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 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 City of Wharton, subject to and in accordance with the Official Notice of Sale and Bidding Instructions, this the 27th day of June 2011.

Mayor
City of Wharton, Texas

ATTEST:

City Secretary
City of Wharton, Texas

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies as follows with respect to the bid and purchase of the \$4,600,000 City of Wharton Tax & Revenue Certificates of Obligation, Series 2011 (the “Certificates”):

1. The undersigned is the duly authorized representative of the Initial Purchaser (the “Initial Purchaser”) of the Certificates from the City of Wharton, Texas (the “Issuer”).
2. Each Certificate of each maturity of the Certificates has 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 Certificates represents (i) the Initial Purchaser’s reasonable determination of the fair market value of each maturity of the Certificates on the sale date and (ii) the prices at which the Initial Purchaser, based on market conditions on the sale, reasonably expects 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 certificate 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 Certificates was sold to the public is set forth below.

Principal Amount Maturing	Year of Maturity	Offering Price (% of Yield)	Principal Amount Maturing	Year of Maturity	Offering Price (% of Yield)
\$ 10,000	2012	_____	\$ 305,000	2022	_____
10,000	2013	_____	315,000	2023	_____
10,000	2014	_____	330,000	2024	_____
50,000	2015	_____	340,000	2025	_____
220,000	2016	_____	355,000	2026	_____
210,000	2017	_____	365,000	2027	_____
200,000	2018	_____	380,000	2028	_____
225,000	2019	_____	395,000	2029	_____
245,000	2020	_____	410,000	2030	_____
225,000	2021	_____			

5. In the case of the Retained Maturities, the Initial Purchaser offered each Certificate 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)	Principal Amount Maturing	Year of Maturity	Offering Price (% of Yield)
\$ 10,000	2012	_____	\$ 305,000	2022	_____
10,000	2013	_____	315,000	2023	_____
10,000	2014	_____	330,000	2024	_____
50,000	2015	_____	340,000	2025	_____
220,000	2016	_____	355,000	2026	_____
210,000	2017	_____	365,000	2027	_____
200,000	2018	_____	380,000	2028	_____
225,000	2019	_____	395,000	2029	_____
245,000	2020	_____	410,000	2030	_____
225,000	2021	_____			

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

7. The Initial Purchaser acknowledges that the representations herein regarding the Initial Offering Prices of the Certificates will be relied upon by the Issuer in connection with its representations set forth in the Federal Tax Certificate to which this Certificate is attached and in connection with compliance by the Issuer with the provisions of the Code regarding the exclusion from gross income interest on the Certificates, and by Andrews Kurth LLP, Bond Counsel to the Issuer, in connection with its opinion that interest on the Certificates is excludable from gross income for federal income tax purposes.

EXECUTED and DELIVERED this ____ day of _____, 2011

By: _____

Title: _____