

NOTICE OF PUBLIC SALE

\$8,615,000*

**CITY OF LONGMONT, COLORADO
STORM DRAINAGE REVENUE REFUNDING BONDS,
SERIES 2016**

PUBLIC NOTICE IS HEREBY GIVEN that the City Council (the “Council”) of the City of Longmont, Colorado (the “City”) will receive electronic bids for the purchase of the Bonds described below on:

Tuesday, August 9, 2016

at the hour of 9:30 a.m., Mountain Time.

Bids must be submitted electronically via the BIDCOMP/PARITY BIDDING SYSTEM (“BIDCOMP/PARITY”) as described in “BID PROPOSAL REQUIREMENTS” and “BIDCOMP/PARITY” below.

ISSUE DETAILS: The Bonds to be sold are the “City of Longmont, Colorado, Storm Drainage Revenue Refunding Bonds, Series 2016” (the “Bonds”) in the aggregate principal amount of \$8,615,000.* The Bonds will be dated as of the date of delivery, will be issued in fully registered form, and will be initially evidenced by one Bond for each year in which the Bonds mature in denominations equal to the principal amount which matures in each such year. Any initially issued Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, as securities depository for the Bonds (“DTC”).

MATURITIES: Except as otherwise provided below in “MANDATORY SINKING FUND REDEMPTION” and “ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID” below, the Bonds will mature on December 1 in the years and designated amounts designated below:

<u>Maturing (December 1)</u>	<u>Principal Amount</u>	<u>Maturing (December 1)</u>	<u>Principal Amount</u>
2019	\$760,000	2025	890,000
2020	780,000	2026	920,000
2021	790,000	2027	960,000
2022	815,000	2028	1,000,000
2023	835,000		
2024	865,000		

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID:

The aggregate principal amount and the principal amount of each serial maturity of the Bonds set forth in the Maturity Schedule above are subject to adjustment by the City, after the determination of the best bid. Changes to be made will be communicated to the winning bidder

* Subject to change.

at the time of award of the Bonds to the winning bidder; changes will not reduce or increase the aggregate principal amount of the Bonds of any maturity by more than fifteen percent (15%) from the amount shown in the Maturity Schedule. The price bid (i.e., par less any discount bid or plus any premium bid) by a winning bidder may be changed as described below, but the interest rates specified by the winning bidder for all maturities will not change. A winning bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the winning bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the City, less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

OPTIONAL PRIOR REDEMPTION: The Bonds maturing on and after December 1, 2027, shall be subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be selected by lot (giving proportionate weight to Bonds in denominations larger than \$5,000), on December 1, 2026, or on any date thereafter, at a price equal to the principal amount of each Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date. Redemption will be made in the manner and upon the conditions described in the Preliminary Official Statement dated July 28, 2016 (the “Preliminary Official Statement”).

MANDATORY SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more consecutive maturities of the Bonds, will consist of term bonds (the “Term Bonds”) which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. Amounts included as a Term Bond must consist of consecutive maturities, must bear the same rate of interest and must include the entire principal amount for any maturity included in the Term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond or Term Bonds. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the ordinance authorizing issuance of the Bonds (the “Bond Ordinance”), including any certificate executed by the City Manager or City’s Finance Director (the “Finance Director”) in accordance with the Bond Ordinance. Any election to designate the Bonds as being included in a Term Bond must be made in the official bid forms.

INTEREST RATES AND LIMITATIONS:

1. Interest shall be payable on June 1 and December 1 of each year, commencing December 1, 2016, and will be computed on the basis of a 360-day year of twelve 30-day months.

2. There is no limit on the number of rates specified, except that one interest rate only shall be specified for the Bonds of any maturity.

3. The interest rate for the Bonds must be stated in a multiple of 1/8th or 1/20th of 1% per annum. A zero rate of interest may not be named for the Bonds.

4. The maximum differential between the lowest and the highest interest rates stated in the bid for the Bonds may not exceed 250 basis points (e.g., if the lowest rate is 2.00% the highest rate may not exceed 4.50%).

5. The net effective interest rate on the Bonds shall not exceed 3.25%. For the purposes of this calculation, the following definitions apply:

“Net effective interest rate” of a proposed issue of bonds means the net interest cost of the issue divided by the sum of the products derived by multiplying the principal amount of such issue maturing on each maturity date by the number of years from the date of said proposed bonds to their respective maturities. In all cases the net effective interest rate shall be computed without regard to any option of redemption prior to the designated maturity dates of the bonds, but shall take into account mandatory sinking fund redemptions.

“Net interest cost” of a proposed issue of bonds means the total amount of interest to accrue on said bonds from their date to their respective maturities or mandatory prior redemption dates, plus the amount of any discount below par, or less the amount of any premium above par at which said bonds are being or have been sold. In all cases the net interest cost shall be computed without regard to any option of redemption prior to the designated maturity dates of the bonds.

PURCHASE PRICE: The purchase price bid for the Bonds shall not be less than 110% nor more than 118% of the par amount of the Bonds. SEE “WINNING BIDDER’S REOFFERING YIELDS”.

BOND INSURANCE AT BIDDER’S OPTION AND EXPENSE: Bids will be accepted which are based upon the issuance of a municipal bond insurance policy for some or all of the Bonds, provided that payment of any insurance premium and any additional fees charged by any rating agency for rating insured Bonds shall be the sole responsibility of the bidder.

Bids shall not be conditioned upon the issuance of a municipal bond insurance policy. Subject to the limitations described below, the City will cooperate in any effort to qualify the Bonds for such bond insurance. The City makes no representation as to whether the Bonds will qualify for municipal bond insurance, and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the bidder. In particular, the City will neither amend nor supplement any resolution or ordinance in any way nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such policy. **FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE WINNING BIDDER TO ACCEPT DELIVERY OF OR PAY FOR THE BONDS.** The winning bidder must provide the City with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider for

inclusion in the Final Official Statement (as defined below) within two business days following the award of the bid by the City. On or prior to the date of delivery of the Bonds, the City will require an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy, and a certificate of an officer of the insurance provider regarding certain tax matters and regarding the information in the Official Statement concerning the insurance provider and policy, in form reasonably satisfactory to the City and the winning bidder.

INFORMATION AVAILABLE FROM PRELIMINARY OFFICIAL STATEMENT: Reference is made to the Preliminary Official Statement for information as to the authorization and purpose of the Bonds; security for the Bonds; the book-entry system, transfer, exchange and place of payment of the Bonds; the exclusion of the interest on the Bonds from federal and State of Colorado income taxation; and other information relating to the Bonds and the City.

BIDCOMP/PARITY: Bids must be submitted electronically using BIDCOMP/PARITY no later than the time designated herein for the receipt of bids. During the electronic bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders may change or withdraw their bids at any time up to the time designated herein. Electronic bids may only be submitted through BIDCOMP/PARITY. If any provisions in this Notice of Public Sale should conflict with information or terms provided or required by BIDCOMP/PARITY, this Notice of Public Sale (and any amendments hereto) shall control.

BID PROPOSAL REQUIREMENTS: A prospective bidder must register electronically to bid for the Bonds via BIDCOMP/PARITY no later than 9:00 a.m., (Mountain Time), on August 9, 2016. A prospective bidder must register electronically to bid for the Bonds by completing the information required by BIDCOMP/PARITY. By registering to bid for the Bonds, a prospective electronic bidder represents and warrants to the City that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. By registering via BIDCOMP/PARITY to bid for the Bonds, a prospective bidder is not obligated to submit a bid in connection with the sale.

Bids must be submitted electronically for the purchase of the Bonds by means of BIDCOMP/PARITY by 9:30 a.m., (Mountain Time), on August 9, 2016. Prior to that time, an eligible prospective bidder may (1) input the proposed terms of its bid on BIDCOMP/PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, (3) send its proposed bid, or (4) withdraw its proposed bid. Once the bids are communicated electronically via BIDCOMP/PARITY, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided.

Each prospective bidder shall be solely responsible to register to bid via BIDCOMP/PARITY as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BIDCOMP/PARITY for purposes of

submitting its bid in a timely manner and in compliance with the requirements of this Notice of Public Sale. Neither the City nor the City's Financial Advisor shall have any duty or be obligated to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor the City's Financial Advisor shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BIDCOMP/PARITY. The City is using BIDCOMP/PARITY as communication mechanisms, and not as the City's agents, to conduct the electronic bidding for the Bonds.

Each bidder is required to transmit electronically via BIDCOMP/PARITY an unconditional bid specifying the lowest rate or rates of interest and the premium or discount, as applicable, at which the bidder will purchase all of the Bonds. Each bid must be for all of the Bonds herein offered for sale.

Further information about BIDCOMP/PARITY, including any fees charged, may be obtained from such respective entity as follows: Bidcomp/Parity, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 404-8153; fax (212) 849-5021.

WINNING BIDDER'S REOFFERING YIELDS: At or before 10:30 a.m. Mountain Time on August 9, 2016, the winning bidder (or manager of the purchasing account) for the Bonds must provide to the Finance Director the initial offering price and yield to the public. The information about the initial offering prices described in this paragraph shall be based on the successful bidders' expectations as of the date of sale. The information provided as described in the first sentence hereof must be confirmed in writing in the form and substance satisfactory to Butler Snow LLP ("Bond Counsel") prior to the delivery of the Bonds.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$100,000 will be required to be made by the apparent winning bidder after the bids have been received. The apparent winning bidder will be required to wire the good faith deposit to the City no later than 1:00 p.m. Mountain Time on August 9, 2016. The Financial Advisor will contact the apparent winning bidder and request the apparent winning bidder to wire such good faith deposit and the apparent winning bidder shall provide the Federal wire reference number of such good faith deposit to the Financial Advisor by 1:00 p.m. Mountain Time on August 9, 2016. The wire shall be sent to a bank account that will be provided by the Financial Advisor to the winning bidder.

No interest on the good faith deposit will accrue to any bidder. The good faith deposit of the winning bidder for the Bonds will be applied to the purchase price of the Bonds. In the event the winning bidder for the Bonds fails to honor its accepted bid, the good faith deposit plus any interest accrued on the good faith deposit will be retained by the City. Any investment income earned on the good faith deposit will not be credited to the winning bidder on the purchase price of the Bonds.

SALE RESERVATIONS: The Council reserves the right (1) to reject any and all bids for the Bonds, (2) to reoffer the Bonds for sale as provided by law, and (3) to waive any irregularity or informality in any bid. In addition, the City reserves the privilege of changing the date and/or time of sale of the Bonds. If the Council changes the date and/or time of the sale of

the Bonds, this Notice of Public Sale shall remain effective, except as amended by communication or other amendment communicated to potential bidders.

If bids are not taken on August 9, 2016, or if all bids are rejected on August 9, 2016, the City may reoffer the Bonds for sale at any time thereafter.

BASIS OF AWARD: Subject to the sale reservations and limitations set forth herein, the Bonds will be sold to the responsible bidder making the best bid therefor. The best bid(s) will be determined by computing the actuarial yield on the Bonds (i.e., using an actuarial or true interest cost method) for each bid received. "True interest cost" on the Bonds as used herein means that yield which if used to compute the present worth as of the estimated delivery date of the Bonds of all payments of principal and interest to be made on such series of the Bonds from the estimated delivery date to their respective maturity dates (or mandatory sinking fund redemption dates), using the interest rates specified in the bid and the principal amounts specified in the Maturity Schedule, produces an amount equal to the principal amount of the Bonds, less any discount or plus any premium bid. All interest calculations and the calculation of the best bid shall be based on a 360-day year and a semiannual compounding interval. If an award is made, it will be made to the bidder whose bid results in the lowest true interest cost, i.e., to the bidder making the bid resulting in the lowest true interest cost on the Bonds. If two or more equal bids for the Bonds are received and such equal bids are the best bids received, the City will determine which bid will be accepted.

TIME OF AWARD: The Council has authorized certain designated officers, on behalf of the Council, to accept the best responsible bid for the purchase of the Bonds, and to accept such bid, for and in the name of the City, by notice to the winning bidder. The City will award the Bonds or reject all bids not later than twenty-four hours after the expiration of the time herein specified for the receipt of bids unless such time of award is waived by the winning bidder.

MANNER AND TIME OF DELIVERY: The good faith deposit of the winning bidder will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the winning bidder for the Bonds fails or neglects to complete the purchase of the Bonds when the Bonds are made ready and are tendered for delivery, the amount of this good faith deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the City, except as hereinafter provided. In that event, the Council may reoffer the Bonds for sale as provided by law. The purchaser will not be required to accept delivery of any of the Bonds if they are not tendered for delivery within sixty days from the date herein stated for opening bids. If the Bonds are not so tendered within said period of time, the good faith deposit, if any, will be returned to the purchaser upon its request (without accruing interest). The City contemplates, however, effecting delivery of the Bonds to the purchaser through DTC on or about August 30, 2016.

PAYMENT: The winning bidder or bidders will be required to make payment of the balance due for the Bonds at a bank or trust company designated by the City's Finance Director. Payment of the balance of the purchase price due at delivery must be made in Federal Reserve Funds or other funds acceptable to the City for immediate and unconditional credit to

the City. The Bonds will be delivered at the office of The Depository Trust Company in New York, New York, on confirmation by the City of receipt of the balance of the purchase price.

CUSIP NUMBERS: CUSIP numbers will be ordered by the Financial Advisor and will be paid for by the City as a cost of issuance. CUSIP numbers will be printed on the Bonds. If a wrong number is imprinted on any Bond or if a number is not printed thereon, any such error or omission will not constitute cause for the winning bidder to refuse delivery of any Bond.

OFFICIAL STATEMENT: The City has prepared the Preliminary Official Statement, which is deemed by the City to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the “Rule”), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a Final Official Statement, as defined below.

Copies of the Preliminary Official Statement and other information concerning the City and the Bonds may be obtained prior to the sale from the sources listed under “INFORMATION” below.

The City will, as soon as practicable after the award of the Bonds to the winning bidder, update the information contained in the Preliminary Official Statement to the date of the award, and such updated Preliminary Official Statement will constitute the “Final Official Statement” relating to the Bonds. The City authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds. The City will provide to the winning bidder an amount not to exceed 150 copies of the Final Official Statement on or before the seventh business day following the date of the award of the Bonds to the winning bidder. The winning bidder may obtain additional copies of the Final Official Statement at its expense. The Final Official Statements will be delivered to the winning bidder at the offices of the Financial Advisor at the address listed below (see “INFORMATION” herein). If the winning bidder fails to pick up the Final Official Statements at the offices of the Financial Advisor, the Final Official Statements will be forwarded to the winning bidder by mail or another delivery service mutually agreed to between the winning bidder and the Financial Advisor.

For a period beginning on the date of the Final Official Statement and ending twenty-five days following the date the winning bidder shall no longer hold for sale any of the Bonds, if any event concerning the affairs, properties or financial condition of the City shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, the City shall, at the request of the winning bidder, notify the winning bidder of any such event of which the Finance Director has actual knowledge and shall cooperate fully in preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the City and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

SECONDARY MARKET DISCLOSURE UNDERTAKING: Pursuant to Securities and Exchange Commission Rule 15c2-12, the City will undertake to provide certain

annual financial information as well as notice of the occurrence of certain material events. A form of the undertaking is set forth as an appendix to the Preliminary Official Statement.

TRANSCRIPT AND LEGAL OPINION: The validity and enforceability of the Bonds will be approved by Butler Snow LLP, Denver, Colorado, as Bond Counsel. The purchaser will receive a transcript of legal proceedings, which will include, among other documents:

1. A certificate executed by officials of the City stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery;

2. A certificate executed by the Finance Director or other authorized official of the City stating that, to the best of his knowledge, the Final Official Statement as of its date did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made in the Final Official Statement, in the light of the circumstances under which they were made, not misleading, and that, to the best of his knowledge, since the date of the Final Official Statement no event has occurred which would cause the Final Official Statement as of the date of the delivery of the Bonds to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements made in the Final Official Statement, in the light of the circumstances under which they were made, not misleading (provided that, if between the date of the public sale of the Bonds and the date of delivery of the Bonds, any event should occur or be discovered which would cause the Final Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the purchaser thereof, and if in the opinion of the City or the purchaser such event requires the preparation and publication of a supplement or amendment to the Final Official Statement, the City, at its sole expense, will supplement or amend the Final Official Statement in a form and in a manner approved by the purchaser and by Butler Snow LLP, Denver, Colorado, as Special Counsel to the City);

3. The opinion of Butler Snow LLP, as to the validity, enforceability and tax status of interest on the Bonds, a form of which is set forth as Appendix E to the Preliminary Official Statement.

GOVERNING LAW AND VENUE: This Notice of Public Sale and the contract formed when the City accepts the winning bid is governed by the laws of the State of Colorado. By submitting a bid, each bidder consents to the exclusive jurisdiction of any court of the State of Colorado located in Boulder County or the United States District Court for the State of Colorado for the purpose of any suit, action or other proceeding arising under this Notice of Public Sale, and each bidder hereby irrevocably agrees that all claims in respect of any such suit, action or proceeding may be heard and determined by such court. Each bidder further agrees that service of process in any such action commenced in such state or Federal court shall be

effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid submitted by the bidder.

INFORMATION: This Notice of Public Sale, the Preliminary Official Statement, and other information concerning the City and the Bonds may be obtained from the Finance Director, City of Longmont, 350 Kimbark Street, Longmont, Colorado 80501 (telephone 303-651-8622), or from the City's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities, Inc., 8055 E. Tufts Avenue, Suite 500, Denver, Colorado, 80237 (telephone 303-771-1678, fax 303-771-1633).

Dated July 28, 2016.

/s/ James Golden
Finance Director