

NOTICE OF BOND SALE
\$10,085,000*
CITY OF COLONIAL HEIGHTS, VIRGINIA
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2016

NOTICE IS HEREBY GIVEN that electronic bids will be received via the BiDCOMP/Parity Competitive Bidding System ("BiDCOMP/Parity") by the City of Colonial Heights, Virginia (the "City"), until 11:00 A.M., Colonial Heights, Virginia Time, on

Tuesday, October, 4, 2016*

for the purchase of all, but not less than all, of an issue of \$10,085,000* principal amount of the City's General Obligation Public Improvement Bonds, Series 2016 (the "Bonds").

The Bonds are dated the date of their delivery and mature, subject to the right of prior redemption as hereinafter set forth, on December 1 in each of the following years and in the principal amounts, set forth below:

Initial Maturity Schedule*

<u>Year</u> <u>December 1</u>	<u>Principal Amount</u>	<u>Year</u> <u>December 1</u>	<u>Principal Amount</u>
2017	\$490,000	2025	\$710,000
2018	510,000	2026	745,000
2019	530,000	2027	770,000
2020	555,000	2028	790,000
2021	585,000	2029	805,000
2022	615,000	2030	820,000
2023	645,000	2031	840,000
2024	675,000		

The Bonds will bear interest from their date of delivery, payable commencing on June 1, 2017, and semiannually on each December 1 and June 1 thereafter.

The City reserves the right to change the date for receipt of bids (the "Scheduled Bid Date") in accordance with the section of this Notice of Bond Sale entitled "Change of Bid Date and Closing Date; Other Changes to Notice of Bond Sale".

* Preliminary, subject to change.

Bid Parameters

Interest		Pricing	
Anticipated Dated Date:	October 18, 2016	Max. Aggregate Bid Price:	120.00%
Anticipated Delivery Date:	October 18, 2016	Min. Aggregate Bid Price:	102.00%
Interest Payments Dates:	June 1 and December 1	Max. Price per Maturity:	No Limit
First Interest:	June 1, 2017	Min. Price per Maturity:	No Limit
Coupon Multiples:	1/8 or 1/20 of 1%		
Zero Coupons:	Not Allowed		
Split Coupons:	Not Allowed		
Maximum Coupon:	5.00%		
Minimum Coupon:	2.00%		
Maximum Coupon Diff:	3.00%		

Principal		Procedural	
		Sale Date and Time:	October 4, 2016 at 11:00 A.M., Colonial Heights, Virginia Time
Optional Redemption:	Bonds due on and after December 1, 2026, callable on December 1, 2027 and thereafter at par.	Bid Submission:	Electronic bids through PARITY only.
Post-bid Principal Increases in Aggregate:	10%	All or None?	Yes
Post-bid Principal Reductions in Aggregate:	10%	Bid Award Method:	Lowest TIC
Term Bonds:	Any two or more consecutive maturities may be designated as term Bonds.	Good Faith Deposit:	1% of aggregate par amount, or \$100,850, as more fully described on page D-5, under "Good Faith Deposit"

Changes to Initial Maturity Schedule

The Initial Maturity Schedule set forth above represents an estimate of the principal amount of the Bonds to be sold. The City hereby reserves the right to change the Initial Maturity Schedule, based on market conditions immediately prior to the sale, by announcing any such change not later than one (1) hour prior to the time for receipt of bids via TM3 (www.tm3.com). The resulting schedule of maturities will become the "Bid Maturity Schedule". If no such change is announced, the Initial Maturity Schedule will become the Bid Maturity Schedule.

Changes to Bid Maturity Schedule

The City hereby further reserves the right to change the Bid Maturity Schedule after the determination of the winning bidder, by increasing or decreasing the aggregate principal amount of the Bonds, subject to the limitation of no more than a 10% increase or decrease in the aggregate principal amount of the Bonds.

THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING TERMS (AS HEREAFTER DEFINED) AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the final aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Terms. The interest rates specified by the successful bidder for the various maturities at the Initial Reoffering Terms will not change. The City anticipates that the final annual principal amounts and the final aggregate principal amount of the Bonds will be communicated to the successful bidder within twenty-four hours of the City's receipt of the initial public offering prices and yields of the Bonds (the "Initial Reoffering Terms").

Book-Entry System

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 and any multiple thereof, with transfers of beneficial ownership interests effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Bonds will be payable commencing June 1, 2017 and semiannually on each December 1 and June 1 thereafter, and principal of the Bonds will be payable at maturity or upon prior redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as a securities depository for the Bonds or the City determines not to use DTC as a securities depository for the Bonds and in either case the City is unable to locate another qualified securities depository or (b) the City determines that it is in the best interest of the beneficial owners of the Bonds or the City not to continue the book-entry system of transfer of the Bonds, the City will deliver replacement Bonds in the form of fully registered bond certificates.

Security for the Bonds

The Bonds will be general obligations of the City, and the full faith and credit of the City will be irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, remain outstanding and unpaid, the City Council is authorized and

required to levy and collect, as the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

The Bonds are being issued for the purpose of financing certain public improvements.

Term Bonds and Mandatory Redemption

The successful bidder may designate two or more of the consecutive serial maturities as one or more term Bond maturities equal in aggregate principal amount of, and with sinking fund requirements corresponding to, such designated serial maturities.

Redemption of Bonds

The Bonds maturing on or before December 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of the City on or after December 1, 2026, in whole or in part (in any multiple of \$5,000), at any time or from time to time, without penalty or premium upon payment of the principal amount of Bonds to be redeemed plus accrued interest to the redemption date.

If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected by the City Manager. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository or, if the book-entry system is discontinued, by the Registrar, by lot in such manner as the Bond Registrar may determine. In either case, each \$5,000 of principal amount shall be counted as one Bond for such purpose. The City Manager shall cause notice of the call for redemption identifying the Bonds, or portions thereof, to be redeemed to be sent by first class mail, facsimile transmission, electronic mail or overnight delivery service to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date. Any notice of a call for redemption of the Bonds or any portions thereof may state that the redemption is conditioned upon there being available an amount of money sufficient to pay the redemption price of and interest accrued and unpaid on the Bonds called for redemption to the date fixed for redemption or such other condition as may be set forth in such notice. Any such conditional notice given may be rescinded at any time before the payment of the redemption price if the condition specified in the conditional notice is not satisfied.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of i-Deal LLC's BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP/Parity, call (212) 849-5021 to become a customer. By submitting a bid for the Bonds, a prospective 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 contracting with BiDCOMP/Parity a prospective bidder is not obligated to submit a bid in connection with the sale.

IF ANY PROVISIONS OF THIS NOTICE OF BOND SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BiDCOMP/PARITY AS APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE OF BOND SALE, AS IT MAY BE AMENDED BY THE CITY AS DESCRIBED WITHIN, SHALL CONTROL. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. 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 Bond Sale. Neither the City nor BiDCOMP/Parity shall have any duty or obligation 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 BiDCOMP/Parity 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 a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Bond Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify Public Financial Management, Inc., the City's financial advisor, by telephone at (703) 741-0175. After receipt of bids is closed, the City through BiDCOMP/Parity will indicate the apparent successful bidder. Such message is a courtesy only for viewers and does not constitute the award of the Bonds. Each bid will remain subject to review by the City to determine its true interest cost rate and compliance with the terms of this Notice of Bond Sale.

Bidding Procedures

Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the City's Bid Form (the "Bid Form") via BiDCOMP/Parity. Bids must be communicated electronically to BiDCOMP/Parity by 11:00 A.M., Colonial Heights, Virginia Time, on the Scheduled Bid Date unless postponed as described herein (see "Change of Bid Date and Closing Date"). Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are released electronically via BiDCOMP/Parity to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official Colonial Heights, Virginia Time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, as described under "Award of the Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above.

Good Faith Deposit

After receipt of bids is closed and prior to the award, the apparent successful bidder indicated on BidCOMP/Parity must submit a good faith deposit (the "Good Faith Deposit") in the amount of \$100,850 to the City by wire transfer. Wire instructions will be provided to the apparent successful bidder in a timely fashion after receipt of the bids is closed and the wire transfer must be submitted to the City by the successful bidder not later than 4:00 P.M., Colonial Heights, Virginia Time. The award to the apparent successful bidder is contingent upon receipt of the Good Faith Deposit and the Bonds will not be awarded to such bidder until the City has confirmation of receipt of the Good Faith Deposit.

Award of Bonds

Award or rejection of bids will be made by the City prior to 5:00 P.M., Colonial Heights, Virginia Time, on the date of receipt of bids. ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M., COLONIAL HEIGHTS, VIRGINIA TIME, ON THE DATE OF RECEIPT OF BIDS. An award of the Bonds, if made, will be made by the City within such period of time (11:00 A.M. – 5:00 P.M.).

The Bonds will be awarded to the bidder offering to purchase the Bonds at the lowest true interest cost, such cost to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount to the price bid the payments of the principal of and the interest on the Bonds from their payment dates to the dated date of the Bonds.

Change of Bid Date and Closing Date; Other Changes to Notice of Bond Sale

The City reserves the right to postpone, from time to time, the date and time established for the receipt of bids and will undertake to announce any such change via TM3 (www.tm3.com).

Any postponement of the bid date will be announced via TM3 not later than one (1) hour prior to the announced date and time for receipt of the bids. An alternative bid date and time will be announced via TM3 18 hours prior to such alternative bid date.

On such alternative bid date and time, the City will accept bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Bond Sale, except for the changes in the date and time for bidding and any other changes announced via TM3 at the time the bid date and time are announced.

The City may change the scheduled delivery date for the Bonds by notice given in the same manner as set forth for a change in the date for the receipt of bids.

The City reserves the right to otherwise change this Notice of Bond Sale. The City anticipates that it would communicate any such changes via TM3 by 4:00 P.M., Colonial Heights, Virginia Time, on the date prior to the scheduled date for receipt of bids but no later than one (1) hour prior to the scheduled date and time for receipt of bids.

Undertakings of the Successful Bidder

The successful bidder shall make a *bona fide* public offering of all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell) and will, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission) of the Initial Reoffering Terms.

Each successful bidder also must submit to the City a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel to the City, prior to the delivery of the Bonds, which states that:

(A) (1) on the date of award, such successful bidder made a *bona fide* public offering of all Bonds of all maturities of the Bonds of the initial offering prices corresponding to the prices or yields indicated in the information furnished in connection with the successful bid, and (2) as of such date, the first price at which an amount equal to at least ten percent (10%) of each maturity of the Bonds was sold to the public was a price not higher or a yield no lower than indicated in the information furnished with the successful bid (the "first price rule"), with the exception of those maturities, if any, identified in such certificate, as to which such certificate shall explain the reasons why the first price rule was not satisfied, or

(B) such successful bidder has purchased Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary, and the price or prices at which such purchase was made.

For the purpose of the Reoffering Price Certificate, the "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. In making such representations, the successful bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

It will be the responsibility of the successful bidder 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.

Opinion of Bond Counsel

The approving opinion of McGuireWoods LLP, Bond Counsel to the City, in substantially the form set forth as Appendix C to the Preliminary Official Statement, will be furnished without cost to the successful bidder. In the opinion of Bond Counsel, under current law and assuming compliance with certain tax covenants, interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) (i) is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds must be included in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under current law, interest on the Bonds is excludable from the gross income of the owners thereof for purposes of income taxation by the Commonwealth.

Delivery

The Bonds will be delivered on or about **October 18, 2016**, in New York, New York, at DTC against payment of the purchase price therefor (less the amount of the Good Faith Deposit) in Federal Reserve funds.

There will also be furnished the usual closing papers, including certifications as to the Official Statement and no-litigation.

CUSIP Numbers

CUSIP numbers are to be applied for by the successful bidder with respect to the Bonds. The City will assume no obligation for the assignment of such numbers or for the correctness of such numbers, and no error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery or make payment for the Bonds.

Official Statements

Copies of the Preliminary Official Statement may be obtained without cost via the Internet at www.i-dealprospectus.com. The Preliminary Official Statement at its date is "deemed final" by the City for purposes of Rule 15c2-12 ("Rule "15c2-12") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, but is subject to revision, amendment and completion.

After the award of the Bonds, the City will prepare copies of the Official Statement (no more than 300) and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; *provided, however*, that the City will not include in the Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering. The City expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Bonds, and the Municipal Securities Rulemaking Board. The successful bidder will be required to acknowledge receipt of such Official Statement, to certify that it has made delivery of the Official Statement to such repositories and to acknowledge that the City expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to such Official Statement and only in states where the offer is legal. The successful bidder will be responsible to the City in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

Official Statements will be provided within seven (7) business days after the date of the award of the Bonds in such quantities as may be necessary for the successful bidder's regulatory compliance provided that minor delays in furnishing the final Official Statement to the successful bidder will not be a basis for failure to pay for and accept delivery of the Bonds. The City assumes no responsibility or obligation for the distribution or delivery of the Official Statement to anyone other than the successful bidder.

Continuing Disclosure

The City will execute and deliver in connection with the Bonds a Continuing Disclosure Agreement, the form of which is set forth as Appendix B to the Preliminary Official Statement, pursuant to which the City will covenant and agree to provide certain annual financial information and material event notices required by Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). As described in Appendix B, such undertaking requires the City to provide only limited information at specified times and the information may not constitute all of the information necessary to value the Bonds at any particular time. The City may provide from time to time certain information and data in addition to that required by the Continuing Disclosure Agreement. If the City chooses to provide such information and data, it has no obligation to update such information or data or to include it in a future disclosure.

On June 13, 2014, Standard & Poor's Ratings Services upgraded the City's rating from "AA-" to "AA." The City posted a material event notice relating to such ratings upgrade with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") on November 24, 2014. On September 15, 2016, Fitch upgraded the City's rating from "AA" to "AA+." The City timely posted a material event notice relating to such ratings upgrade with EMMA on September 23, 2016 in accordance with the Rule. Except as described above, as of the date of the Preliminary Official Statement, the City has complied in all material respects with its undertakings regarding the Rule.

See Appendix B hereto – "Form of Continuing Disclosure Agreement" for a more detailed description of the City's continuing disclosure undertaking.

Further Information

Further information will be furnished upon application to Public Financial Management, Inc., Telephone (804) 780-2850. Information about BiDCOMP/Parity, including any fees charged, may be obtained from BiDCOMP/Parity, 1359 Broadway, Second Floor, New York, New York 10018, Telephone (212) 849-5021.

Reservation of Rights

The right to reject any or all bids and to waive any irregularity or informality in any bid is reserved.

**William E. Johnson,
Director of Finance**