

NOTICE OF BOND SALE

\$19,155,000*

**CITY OF O’FALLON, MISSOURI
SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2017**

Request for Bids. The City of O’Fallon, Missouri (the “City”) will receive bids electronically via **PARITY®** (as more fully described below) for the purchase of \$19,155,000* principal amount of Special Obligation Refunding and Improvement Bonds, Series 2017 (the “Bonds”), on an all-or-none basis, until 11:00 a.m., Central Time (the “Submittal Time”), on

Wednesday, April 5, 2017*

All bids will be read and evaluated at said time, and the award of the Bonds will be made on the sale date.

Terms of the Bonds. The Bonds will consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds will be dated the date of their initial issuance, and will become due in principal installments on November 1 in the years as follows:

<u>Stated Maturity (November 1)*</u>	<u>Principal Amount*</u>	<u>Stated Maturity (November 1)*</u>	<u>Principal Amount*</u>
2017	\$ 50,000	2027	\$1,075,000
2018	470,000	2028	990,000
2019	435,000	2029	1,055,000
2020	240,000	2030	1,095,000
2021	200,000	2031	2,245,000
2022	240,000	2032	1,345,000
2023	880,000	2033	1,390,000
2024	925,000	2034	1,455,000
2025	970,000	2035	1,510,000
2026	1,020,000	2036	1,565,000

Any bidder electing to designate one or more maturities of term bonds shall specify the current serial bonds by year of maturity that are to comprise the term bonds. The final year designated shall be deemed the year of maturity of the term bonds. Term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof. For purposes of computing the true interest cost (as hereinafter defined) and awarding the Bonds, the maturity of such term bonds shall be treated as if the amounts subject to mandatory sinking fund redemption are equal to the amounts and mature on the dates currently specified as serial bonds.

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 2017.

* Subject to change as provided under the captions “Pre-Bid Revisions,” “Post-Bid Revisions” and “Alternate Sale Date” herein.

When issued, the Bonds will be registered in the name of Cede & Co., as Bondowner and nominee for Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form in the denomination of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined in the Preliminary Official Statement) of the Bonds. See “THE BONDS – Book-Entry Only System” in the Preliminary Official Statement.

The successful bidder must furnish an underwriters’ questionnaire to DTC and qualify the Bonds, if such qualification is necessary, in the jurisdictions in which it intends to reoffer the Bonds.

Capitalized Terms. Any capitalized terms not defined herein shall have the meanings ascribed for them in the Preliminary Official Statement, hereinafter described.

Place of Payment. UMB Bank, N.A., St. Louis, Missouri (the “Paying Agent”), has been designated as the Paying Agent for the Bonds. The principal of each Bond will be payable at maturity or upon earlier redemption to the registered owner upon presentation and surrender of such Bond at the payment office of Paying Agent. Interest on each Bond will be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (1) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or such other address as is furnished to the Paying Agent in writing by such Registered Owner or (2) by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name and address of the bank, the bank’s ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable.

Redemption of Bonds Prior to Maturity. At the option of the City, the Bonds or portions thereof maturing on November 1, 2027 and thereafter may be called for redemption and payment prior to maturity on November 1, 2026 and thereafter as a whole or in part at any time in such order of maturity determined by the City (Bonds of less than a single maturity to be selected in multiples of \$5,000 principal amount), at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%. The interest rate on the Bonds shall not exceed 5.00% and the difference between the highest rate specified and the lowest rate specified on the Bonds shall not exceed 4.00%. No supplemental interest payments will be authorized. No bid shall be for less than 98.00% or more than 110.00% of the principal amount of the Bonds and accrued interest. Each bid shall specify the total interest cost (expressed in dollars) during the life of the Bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost (expressed in dollars) on the basis of such bid and the average annual net interest rate (expressed as a percentage) on the basis of such bid. Each bidder agrees that, if it is awarded the Bonds, it will provide to the City the certification as to initial offering prices described under the caption “Certification as to Offering Price” and attached hereto as **Exhibit A**.

Basis of Award. The award of the Bonds will be made on the basis of the lowest true interest cost (“TIC”) as follows: the TIC is the discount rate (expressed as a per-annum percentage rate) which

when used in computing the present value of all payments of principal and interest on the Bonds, from the payment dates to the date of the Bonds, produces an amount equal to the price bid, but excluding interest accrued to the date of delivery. Present value shall be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. If two or more proper bids providing for identical amounts for the lowest true interest cost are received, the City in its sole discretion shall determine which bid, if any, shall be accepted, and its determination shall be final.

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Bond Sale not later than 48 hours prior to the sale date via the MuniHub (“Supplemental Notice”). If issued, the Supplemental Notice may modify (1) the maturity amounts and/or maturity dates of the Bonds and/or (2) such other terms of this Notice as the City determines. Any such modifications will supersede the maturities and such other terms as set forth herein.

Post-Bid Revisions. After bids are received on the sale date, the City may, in its discretion, revise the maturities of the Bonds; provided, that the principal amount of any maturity shall not be increased or decreased by an amount in excess of 20% and the aggregate issue size shall not be increased or decreased by more than 10%. **The successful bidder may neither withdraw nor modify its proposal as a result of any post-bid revisions to the Bonds made by the City.**

Alternative Sale Date. The City reserves the right to cancel or postpone, from time to time, the date or time established for the receipt of bids and in such event, the cancellation or postponement will be announced via MuniHub at least 48 hours prior to the time established for the receipt of bids. Following a postponement, a new date and time of sale will be announced via MuniHub at least 48 hours prior to the time bids are to be submitted. On such alternative sale date, bidders shall submit bids for the purchase of the Bonds in conformity with the provisions of this Notice of Bond Sale, subject to any pre-bid revisions announced via MuniHub as provided under the caption “Pre-Bid Revisions” herein.

Authority, Purpose and Security. The Bonds are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of providing funds to (1) pay the costs of sewer, water, street and other capital improvements, (2) refund a portion of the City’s Insured Certificates of Participation (City of O’Fallon, Missouri, Lessee), Series 2009A and (3) pay the costs of issuing the Bonds. The Bonds and the interest thereon shall be special obligations of the City payable as to both principal and interest solely from annual appropriations of funds by the City for such purpose. The obligation of the City to make payments on the Bonds does not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement but in each Fiscal Year shall be payable solely from the amounts pledged or appropriated therefor (1) out of the income and revenues provided for such year plus (2) any unencumbered balances for previous years.

Ratings. S&P Global Ratings, a division of S&P Global Inc., has assigned the Bonds the rating of “AA-.” Any explanation as to the significance of such rating may only be obtained from such rating agency.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel, which opinion will be furnished and paid for by the City and printed on the Bonds and delivered to the successful bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the exclusion of the interest on the Bonds from gross income for federal and Missouri income tax purposes. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). Reference is made to the Preliminary Official

Statement for further discussion of federal and Missouri income tax matters relating to the interest on the Bonds.

Certification as to Offering Prices. To provide the City with information necessary for compliance with Section 148 of the Code, the successful bidder must complete, execute and deliver to the City prior to the delivery of the Bonds, a certificate substantially in the form attached hereto as **Exhibit A** regarding the “issue price” (as defined in Section 148 of the Code) of the Bonds, reflecting the initial offering prices (expressed as dollar prices) at which a substantial amount (i.e., 10% or more) of the Bonds of each maturity have been or are expected to be sold to the public. The term “public” excludes bond houses, brokers or similar persons, or organizations acting in the capacity of underwriters or wholesalers. Such certificate shall state that 10% or more of such Bonds of each maturity have been or are expected to be sold to the public at prices no higher than such initial offering prices. However, such certificate may indicate that the successful bidder will not reoffer such Bonds for sale.

At the request of the City, the successful bidder will provide information explaining the factual basis for the successful bidder’s Issue Price certification. This agreement by the successful bidder to provide such information will continue to apply after the issue date of the Bonds if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

In addition, the apparent winning bidder shall provide such issue prices to the City and its Financial Advisor no more than 20 minutes after the Submittal Time.

Delivery and Payment. The City will pay for printing the Bonds and will deliver the Bonds to DTC (or to the Paying Agent as DTC’s “FAST” agent), properly prepared, executed and registered, without cost to the successful bidder within 30 days after the date of sale. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement (including a statement that the City has not made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading). Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the City. The City will deliver Bonds in the denomination of each maturity registered in the name of DTC or its agent.

Good Faith Deposit. The apparent winning bidder of the Bonds (the “Purchaser”) is required to submit a good faith deposit (the “Deposit”) in the form of an electronic transfer of federal reserve funds immediately available for use by the City, as instructed by the City or its Financial Advisor, in an amount equal to 2% of the principal amount of the Bonds, no later than two hours after the Submittal Time. If the electronic transfer is not received at the time indicated above, the City will abandon its plan to award to such Purchaser, and will contact the next highest bidder and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder’s bid, so long as said bidder submits a good faith electronic transfer within two hours of the time offered. The City will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. If the Purchaser fails to honor its bid, the Deposit will be retained by the City as full and complete liquidated damages.

The City's wire instructions are as follows:

Bank Name: Midwest Bank Centre
ABA Number: 081000676
Account Number: 4401162
Beneficiary Name: City of O'Fallon, Missouri
Reference: Good Faith Deposit, Series 2017 S.O. Bonds

CUSIP Numbers. CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. All expenses relating to the assignment and printing of CUSIP numbers on the Bonds will be paid by the City.

Bids. Each proposal must be submitted via **PARITY**[®] in accordance with this Notice of Bond Sale, by 11:00 a.m., Central Time, on April 5, 2017. To the extent any instructions or directions set forth in **PARITY**[®] conflict with this Notice of Bond Sale, the terms of this Notice of Bond Sale shall control. Electronic bids via **PARITY**[®] must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. The City shall not be responsible for any flaws in the means of transmission selected by any bidder. Bids received after the Submittal Time will not be considered. The City reserves the right to waive irregularities and to reject any or all bids.

PARITY[®]. Information about the electronic bidding services of **PARITY**[®] may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018 (tel: (800/850-7422) and from the following website: www.newissuehome.i-deal.com.

Preliminary Official Statement and Official Statement. The City has prepared a Preliminary Official Statement, copies of which may be obtained from the Finance Director or from the Financial Advisor. The City has deemed the Preliminary Official Statement to be "final" as of its date for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for the omission of certain information as permitted by Rule 15c2-12(b)(1).

Upon the sale of the Bonds, the City will adopt the final Official Statement and will furnish the Purchaser with a sufficient quantity of such Official Statements within seven business days of the acceptance of the Purchaser's proposal in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. The City's acceptance of the Purchaser's proposal for the purchase of the Bonds shall constitute a contract between the City and the Purchaser for purposes of said Rules. Additional copies may be ordered by the Purchaser at its expense.

Continuing Disclosure. The City will agree in the ordinance authorizing the issuance of the Bonds to comply with and carry out all of the provisions of the Omnibus Continuing Disclosure Agreement, under which the City covenants to provide, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") and as described in greater detail in the Preliminary Official Statement under the caption "CONTINUING DISCLOSURE," the following information with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system: (1) within 180 days following the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2017, certain annual financial information and operating data, including audited financial statements for the prior fiscal year, and (2) within 10 business days after the occurrence thereof, notice of the occurrence of certain enumerated events.

The City believes it has complied during the past five years with its prior undertakings under the Rule, except that the City's annual report for 2011 and 2012 inadvertently omitted two tables showing certain operating data for the City's environmental service system.

Additional Information. Additional information regarding the Bonds may be obtained from the Finance Director (636/379-5522) or from the Financial Advisor, Michelle Bock, Piper Jaffray & Co., 8235 Forsyth Boulevard, Suite 600, St. Louis, Missouri 63105 (314/726-7532).

DATED this 24th day of March, 2017.

CITY OF O'FALLON, MISSOURI

By: /s/ Vicki Boschert
Finance Director

EXHIBIT A

RECEIPT FOR BONDS

\$ _____
**CITY OF O'FALLON, MISSOURI
SPECIAL OBLIGATION REFUNDING AND
IMPROVEMENT BONDS
SERIES 2017**

The undersigned, the original purchaser of the above-referenced Bonds (the "Bonds"), of the City of O'Fallon, Missouri (the "City"), hereby certifies and represents as follows:

1. Receipt for Bonds. We acknowledge receipt on the date hereof of the executed and authenticated Bonds, consisting of fully-registered bonds numbered from 1 consecutively upward, in authorized denominations or integral multiples thereof. Each of the Bonds has been signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, with the City's official seal affixed to or imprinted thereon, and has been authenticated by the manual signature of an authorized officer or signatory of the Paying Agent.

2. Public Offering. The initial offering price and interest rate for each maturity of the Bonds is attached to this certificate as **Schedule 1**. All of the Bonds of each maturity were offered to the public in a bona fide public offering at the initial offering prices on the date our bid was accepted (the "Sale Date"). On the Sale Date, the undersigned reasonably expected that at least 10% of each maturity of the Bonds would be sold to the public at prices not higher than the initial offering prices. For purposes of this paragraph, the term "public" means persons other than bond houses, brokers, or similar persons, or organizations acting in the capacity of purchasers or wholesalers. The aggregate offering price of the Bonds is \$ _____ plus accrued interest, if any. In conjunction with (a) an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission relating to the pricing of the Bonds, or (b) the implementation of future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority regarding the retention of pricing data for the Bonds, at the request of the City, the undersigned will provide information explaining the factual basis for the undersigned's representations in this certificate relating to the pricing of the Bonds, other than information that would identify customers (e.g., name or account number). This agreement to provide such information will continue to apply after the issuance of the Bonds but shall not extend to any customer data or other confidential or proprietary information of the undersigned.

3. Reliance. The City may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"), and bond counsel may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under Section 148 of the Code.

DATED: _____, 2017.

[PURCHASER]

By: _____
Title: _____

SCHEDULE 1

\$ _____
City of O'Fallon, Missouri
Special Obligation Refunding and
Improvement Bonds
Series 2017

<u>Stated Maturity</u> <u>(November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
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