

NOTICE OF SALE DATED AUGUST 23, 2019

CITY OF WATERVILLE, MAINE \$5,636,000 2019 GENERAL OBLIGATION BONDS

Notice is hereby given that electronic proposals will be received via **PARITY**[®], in the manner described below, until 11:00 a.m. (E.S.T.) on September 10, 2019. Bids must be submitted electronically via **PARITY**[®] pursuant to this Notice of Sale (the "Notice") until 11:00 a.m. (E.S.T.) but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY**[®] conflict with this Notice, the terms of this Notice shall control. For further information about **PARITY**[®], potential bidders may contact Northeast Municipal Advisors LLC at (207) 797-6681 or **PARITY**[®] at (212) 849-5021. Bids will be received in electronic form via Parity until:

11:00 O'CLOCK A.M. (E.S.T.), TUESDAY, SEPTEMBER 10, 2019

at which time all such proposals will be publicly announced for the purchase of \$5,636,000 2019 General Obligation Bonds (the "Bonds") of the City of Waterville, Maine (the "City" or the "Issuer") maturing and payable as follows:

MATURITY SCHEDULE

<u>October 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>October 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2020	\$301,000			2030	\$280,000		
2021	300,000			2031	280,000		
2022	300,000			2032	280,000		
2023	300,000			2033	280,000		
2024	300,000			2034	280,000		
2025	300,000			2035	255,000		
2026	300,000			2036	245,000		
2027	300,000			2037	245,000		
2028	300,000			2038	245,000		
2029	300,000			2039	245,000		

This Notice of Sale sets forth only a brief summary of certain provisions of the Bonds. For additional information pertaining to the Bonds, a prospective bidder should refer to the City's Preliminary Official Statement with respect to the Bonds dated as of the date hereof (the "Preliminary Official Statement"). In the event of any conflict between the Preliminary Official Statement and this Notice of Sale, the Preliminary Official Statement shall control.

The Bonds will be dated as of the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on October 1, 2020 and semi-annually on each April 1st and October 1st thereafter until maturity, or redemption prior to maturity.

Bonds maturing on or before October 1, 2029 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after October 1, 2030, are subject to redemption prior to their stated dates of maturity, at the option of the Town, on or after October 1, 2029, as a whole at any time, or in part in such order of maturity as the City, in its discretion, may determine, on any interest payment date, at the redemption price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds will be issued by means of The Depository Trust Company's Book-Entry-Only 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 City, New York ("DTC") and immobilized in their custody.

The Book-Entry-Only System will be employed, evidencing ownership of the Bonds which shall be issued, sold or transferred only in denominations of \$5,000 or any integral multiple thereof, excepting one (1) Bond in the amount of \$6,000 maturing in 2020, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants.

The winning bidder (the "Purchaser"), as a condition to delivery of the Bonds, shall be required to deposit the certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable in Federal Reserve Funds to DTC or its nominee as registered owner of the Bonds. Transfer of the principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of the principal and interest payment to Beneficial Owners will be the responsibility of such Participants and other nominees of Beneficial Owners.

The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. The Bond certificates, to be immobilized at DTC, will be prepared under the supervision of and authenticated by U.S. Bank National Association, Boston, Massachusetts, Paying Agent, and their legality approved by Bernstein, Shur, Sawyer and Nelson, Bond Counsel of Augusta, Maine ("Bond Counsel"), whose opinion will be furnished to the Purchaser without charge.

The opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the City and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the City and taxable by it, except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. The Treasurer has certified that the City has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The opinion will indicate that the enforceability of the obligations of the City, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

The opinion of Bond Counsel will also indicate that under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from taxation within the State of Maine pursuant to Title 30-A, §5772(9) of the Maine Revised Statutes, as amended.

The Bonds are not guaranteed by the State of Maine.

The Bonds WILL BE designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

There is no litigation, threatened or pending, affecting the validity of the Bonds, the corporate existence or the boundaries of the City, or the title of the present officers to their respective offices, and the Purchaser will be furnished with a certificate to this effect.

As between proposals which comply with this Notice, the Bonds will be sold to the bidder whose proposal offers to purchase the Bonds at the lowest True Interest Cost ("TIC"), such cost under each proposal to be determined by computing the total amount of interest payable on the Bonds, from their date until their maturity date and deducting therefrom the premium, if any, offered in such proposal. If there shall be more than one proposal making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is received earliest from among all such proposals.

All bids must be submitted via Parity.

The City reserves the right to reject any or all proposals and to reject any proposal not complying with this Notice of Sale, and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. A final decision as to the award of the bid rests with and is subject to confirmation by the Treasurer of the City. When the successful bidder(s) has been ascertained, the City will notify such bidder.

As of the date of delivery of the Bonds and as a condition precedent to the delivery of the Bonds by the City, the successful bidder shall furnish to the City a certificate in a form provided by and acceptable to Bond Counsel (the "Issue Price Certificate"). The Issue Price Certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation. The Issue Price Certificate shall set forth:

- (i) The "issue price" of the Bonds as defined in Treasury Regulation §1.148-1(f);
- (ii) The weighted average maturity of the Bonds as defined in the Internal Revenue Service's "Instructions for Form 8038-G" for Line 21(d);
- (iii) The yield of the Bonds (sometimes referred to as the arbitrage yield) as defined in the Internal Revenue Service's "Instructions for Form 8038-G" for Line 21(e);
- (iv) That the issue price of the Bonds does not exceed the fair market value of the Bonds as of such date of sale; and
- (v) If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

Further Discussion of Issue Price Certificate.

Competitive Sale Requirements Met. If the competitive sale requirements set forth in Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) are satisfied, the Issue Price Certificate will establish the issue price of the Bonds under Treasury Regulation Section 1.148-1(f)(2)(iii). To that end, the Financial Advisor will certify to the successful bidder that the following conditions are true:

- (1) The City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) All bidders had an equal opportunity to bid;
- (3) The City received bids from at least three underwriters of municipal Bonds who have established industry reputations for underwriting new issuances of municipal Bonds; and
- (4) The City awarded the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid and each bidder, by submitting its bid, agrees that it shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal Bonds and that it is an "underwriter" that intends to reoffer the Bonds to the public.

Competitive Sale Requirements Not Met. If the competitive sale requirements set forth in Treasury Regulation Section 1.148-1(f)(3)(i) are not satisfied, the City shall so advise the winning bidder. If such competitive sale requirements are not met, the Issue Price Certificate will establish the issue price of the Bonds under Treasury Regulation Section 1.148-1(f)(2)(i), as follows:

- (i) The City shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to

use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

- (ii) Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City and the Financial Advisor the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to all Bonds. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the City or the Financial Advisor that it no longer needs to do so.

By submitting a bid, each bidder confirms that:

- (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:
 - (A) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder that the 10% test has been satisfied as to the Bonds of that maturity,
 - (B) to promptly notify the successful bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and
 - (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder will assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.
- (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity.
- (iii) sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
 - (A) “public” means any person other than an underwriter or a related party,
 - (B) “underwriter” means (1) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- (C) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (D) “sale date” means the date that the Bonds are awarded by the Town to the successful bidder.

The successful bidder shall, within one hour after being notified of the oral award of the Bonds, advise the City of the initial public reoffering price of each maturity of the Bonds, expressed both as a stated amount and as a percentage of the principal amount of such maturity (each a “Reoffering Price”).

Bids must specify the amount bid for the Bonds, which amount must be not less than 100.00% of the par amount of the Bonds and not more than 103.0% of the par amount of the Bonds (excluding amounts retained by a bidder as compensation and to pay the cost of municipal bond insurance, if any). Bids must state in a multiple of one-eighth ($\frac{1}{8}$) or one-twentieth ($\frac{1}{20}$) of one percent (1%) the rate or rates of interest per annum which the several maturities of the Bonds are to bear. No interest rate for any maturity of the Bonds may be lower than any interest rate for any prior maturity of the Bonds. Each maturity of the Bonds shall bear interest at the same rate, not in excess of 6% per annum, and no rate of interest for any maturity of the Bonds may exceed the rate of interest for any other maturity of the Bonds by more than 5% per annum. Bids which include split or supplemental interest rates will not be considered. Bid premium, if any, may be used to apply funds to pay for costs of issuance, capitalized interest or, if to the projects, may reduce the amount of Bonds issued to finance the projects. Should the City apply bid premium to reduce the amount of Bonds issued, the City will apply the same percentage amount of underwriter’s spread per thousand to the reduced issue amount.

As between proposals which comply with this Notice of Sale, and unless the City rejects all bids, the Bonds will be sold to the bidder whose proposal offers to purchase all of the Bonds at the lowest true interest cost (“TIC”) which is the annual interest rate, compounded semiannually, which, when used to discount to **September 27, 2019**, the expected delivery and dated date of the Bonds, all payments of principal and interest payable on the Bonds, results in an amount equal to the purchase price for the Bonds which will include any premium bid thereon. The TIC shall be computed to four decimal places.

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 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. An electronic bid made through the facilities of Parity shall be deemed an unconditional and irrevocable offer, in response to this Notice of Sale, which shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City and which shall be a binding contractual obligation of the bidder, when and if accepted by the City.

As between the lowest bids that are equal, the bid that is received earliest as per the bid submission clock on the **PARITY®** system shall be deemed the low bid. A final decision as to the award of the bid rests with the City.

It is anticipated that a CUSIP identification number will be printed on each of the Bonds. All expenses in relation to the assignment and printing of a CUSIP number on the Bonds will be paid for by the City.

The City has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder and any increased costs of issuance or delivery of the Bonds resulting by reason of such insurance shall be paid by such bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment and any failure of the Bonds to be insured or of any such policy or commitment to be issued shall not in any

way relieve the Purchaser of their contractual obligations arising from the acceptance of their proposal for the purchase of the Bonds.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated August 23, 2019 (the "POS") which has been distributed and to which prospective bidder(s) are directed. Such POS is provided for informational purposes only and is not a part of this Notice of Sale. A copy of the POS may be obtained by contacting Northeast Municipal Advisors LLC, 113 Deepwood Drive, Portland, ME 04103 or by telephone at (207) 797-6681. **The Preliminary Official Statement is in a form "Deemed Final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion in a final Official Statement.**

The City agrees to advise the Purchaser, by written notice, of any developments that impact the accuracy and completeness of the key representations (within the meaning of SEC Rule 15c2-12) contained in the final Official Statement, which may occur during the period commencing on the date of the acceptance by the City of its proposal and ending on the 90th day next following such date of acceptance, unless such final Official Statement is available from a "nationally recognized municipal securities information repository", in which event such period shall end on the 25th day.

The Purchaser will be furnished with 5 copies of the final Official Statement prepared for this issue at the City's expense within seven (7) business days of the date of sale of the Bonds. Additional copies may be obtained by the Purchaser at its own expense by arrangement with the printer. The City will rely upon the Purchaser to file a completed DTC Eligibility Questionnaire, the MSRB Form G-36(OS) and to affect the electronic filing to <http://emma.msrb.org/submission> as the responsibility of the Purchaser(s). U.S. Bank National Association, Boston, Massachusetts, as Paying Agent, will keep the original opinion and certificates and copies of the supporting documents which may be examined at its principal office in Boston, Massachusetts, upon reasonable notice.

It shall be the responsibility of the Purchaser to certify to the City in writing before the delivery of the Bonds, the reoffering price and the arbitrage yield at which a substantial portion of the Bonds were sold.

Northeast Municipal Advisors LLC has acted as Financial Advisor to the City of Waterville, Maine with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Northeast Municipal Advisors LLC will not participate in the public bidding of the Bonds.

It is expected that the Bonds, in definitive form, will be available for delivery on or about September 27, 2019, against payment of the purchase price in Federal Reserve funds payable to the order of the "City of Waterville, Maine", and will be delivered to The Depository Trust Company, New York, New York.

CITY OF WATERVILLE, MAINE

By: Aaron Berls
City Treasurer

TERMS

ISSUER: City of Waterville, Maine

ISSUE: \$5,636,000 2019 General Obligation Bonds

RATING: Standard & Poor's: A+ (Stable Outlook)

PRINCIPAL AMOUNT: \$5,636,000

TRUE INTEREST COST RATE (TIC): ____ . ____ %

BIDS: Via *Parity* only

SALE DATE: September 10, 2019 at 11:00 A.M. (E.S.T.)

DATED DATE: Date of Delivery

DUE DATES: October 1, 2020-2039 serial bonds

CALL FEATURES: The Bonds are subject to redemption prior to maturity. See "Optional Redemption Prior to Maturity" of the Preliminary Official Statement

INTEREST DUE: Semi-annually, April 1 and October 1, beginning April 1, 2020

FUNDS: Federal Funds (Same Day Funds)

TAX STATUS: Federal and State tax exempt, not subject to AMT

Q&D STATUS: The Bonds **WILL BE** designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code

PURCHASER: _____

CUSIP: _____

BOND FORM: DTC – BEO

DENOMINATIONS: Pieces by \$5,000, excepting one (1) maturity in 2020 of \$6,000

CLOSING DATE: On or about September 27, 2019

PAYING AGENT: U.S. Bank National Association, Boston, Massachusetts

LEGAL OPINION: Bernstein, Shur, Sawyer and Nelson, Augusta, Maine

FINANCIAL ADVISOR: Northeast Municipal Advisors LLC, Portland, Maine