

ORDINANCE NO. 072-14

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF NOTES IN THE MAXIMUM PRINCIPAL AMOUNT OF \$2,500,000, IN ANTICIPATION OF THE ISSUANCE OF BONDS, FOR THE PURPOSE OF PAYING THE COSTS OF IMPROVING THE MUNICIPAL WATER SYSTEM BY CONSTRUCTING A NEW WATER TREATMENT PLANT, ACQUIRING AND IMPROVING RELATED INTERESTS IN REAL PROPERTY, IMPROVING AND REHABILITATING THE EXISTING WATER TREATMENT PLANT AND RELATED STORAGE FACILITIES, AND REHABILITATING THE ELEVATED STORAGE TANKS, TOGETHER WITH ALL NECESSARY AND RELATED APPURTENANCES THERETO.

WHEREAS, pursuant to Ordinance No. 072-13 passed on December 23, 2013, notes in anticipation of bonds in the aggregate amount of \$2,500,000, dated March 6, 2014 (the "*Outstanding Notes*"), were issued for the purpose stated in Section 1, to mature on March 5, 2015; and

WHEREAS, this Council finds and determines that the City should retire the Outstanding Notes with the proceeds of the Notes described in Section 3 and other funds available to the City; and

WHEREAS, the Finance Director, as fiscal officer of this City, has certified to this Council that the estimated life or period of usefulness of the Improvement described in Section 1 is at least five years, the estimated maximum maturity of the Bonds described in Section 1 is at least thirty (30) years, and the maximum maturity of the Notes described in Section 3, to be issued in anticipation of the Bonds, is March 7, 2033;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Napoleon, Henry County, Ohio, that:

Section 1. It is necessary to issue bonds of this City in the maximum principal amount of \$2,500,000 (the "*Bonds*") for the purpose of paying the costs of improving the municipal water system by constructing a new water treatment plant, acquiring and improving related interests in real property, improving and rehabilitating the existing water treatment plant and related storage facilities, and rehabilitating the elevated storage tanks, together with all necessary and related appurtenances thereto (the "*Improvement*").

Section 2. The Bonds shall be dated approximately March 1, 2016, shall bear interest at the now estimated rate of 5.50% per year, payable semiannually until the principal amount is paid, and are estimated to mature in twenty (20) annual principal installments on December 1 of each year and in such amounts that the total principal and interest payments on the Bonds, in any

fiscal year in which principal is payable, shall be substantially equal. The first principal payment of the Bonds is estimated to be December 1, 2016.

Section 3. It is necessary to issue and this Council determines that notes in the maximum principal amount of \$2,500,000 (the "Notes") shall be issued in anticipation of the issuance of the Bonds for the purpose described in Section 1 and to retire, together with other funds available to the City, the Outstanding Notes and to pay any financing costs. The principal amount of Notes to be issued (not to exceed the stated maximum amount) shall be determined by the Finance Director in the certificate awarding the Notes in accordance with Section 6 of this Ordinance (the "*Certificate of Award*") as the amount which, along with other available funds of the City, is necessary to retire the Outstanding Notes and to pay any financing costs. The Notes shall be dated the date of issuance and shall mature not more than one year following the date of issuance; *provided* that the Finance Director shall establish the maturity date in the Certificate of Award. The Notes shall bear interest at a rate or rates not to exceed 6.00% per year (computed on the basis of a 360-day year consisting of twelve 30-day months), payable at maturity and until the principal amount is paid or payment is provided for. The rate or rates of interest on the Notes shall be determined by the Finance Director in the Certificate of Award in accordance with Section 6 of this Ordinance.

Section 4. The debt charges on the Notes shall be payable in lawful money of the United States of America or in Federal Reserve funds of the United States of America as determined by the Finance Director in the Certificate of Award, and shall be payable, without deduction for services of the City's paying agent, at the office of a bank or trust company designated by the Finance Director in the Certificate of Award after determining that the payment at that bank or trust company will not endanger the funds or securities of the City and that proper procedures and safeguards are available for that purpose or at the office of the Finance Director if agreed to by the Finance Director and the original purchaser (the "*Paying Agent*").

Section 5. The Notes shall be signed by the City Manager and Finance Director, in the name of the City and in their official capacities; *provided* that one of those signatures may be a facsimile. The Notes shall also be countersigned by the Mayor; *provided* that the signature of the Mayor may be a facsimile. The Notes shall be issued in minimum denominations of \$100,000 (and may be issued in denominations in such amounts in excess thereof as requested by the original purchaser and approved by the Finance Director) and with numbers as requested by the original purchaser and approved by the Finance Director. The entire principal amount may be represented by a single note and may be issued as fully registered securities (for which the Finance Director will serve as note registrar) and in book entry or other uncertificated form in accordance with Section 9.96 and Chapter 133 of the Ohio Revised Code if it is determined by the Finance Director that issuance of fully registered securities in that form will facilitate the sale and delivery of the Notes. The Notes shall not have coupons attached, shall be numbered as determined by the Finance Director and shall express upon their faces the purpose, in summary terms, for which they are issued and that they are issued pursuant to this Ordinance. As used in this Section and this Ordinance:

"*Book entry form*" or "*book entry system*" means a form or system under which (a) the ownership of beneficial interests in the Notes and the principal of and interest on the Notes may

be transferred only through a book entry, and (b) a single physical Note certificate in fully registered form is issued by the City and payable only to a Depository or its nominee as registered owner, with the certificate deposited with and "immobilized" in the custody of the Depository or its designated agent for that purpose. The book entry maintained by others than the City is the record that identifies the owners of beneficial interests in the Notes and that principal and interest.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a book entry system to record ownership of beneficial interests in the Notes or the principal of, and interest on, the Notes and to effect transfers of the Notes, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Participant" means any participant contracting with a Depository under a book entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

The Notes may be issued to a Depository for use in a book entry system and, if and as long as a book entry system is utilized, (a) the Notes may be issued in the form of a single Note made payable to the Depository or its nominee and immobilized in the custody of the Depository or its agent for that purpose; (b) the beneficial owners in book entry form shall have no right to receive the Notes in the form of physical securities or certificates; (c) ownership of beneficial interests in book entry form shall be shown by book entry on the system maintained and operated by the Depository and its Participants, and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (d) the Notes as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the City.

If any Depository determines not to continue to act as a Depository for the Notes for use in a book entry system, the Finance Director may attempt to establish a securities depository/book entry relationship with another qualified Depository. If the Finance Director does not or is unable to do so, the Finance Director, after making provision for notification of the beneficial owners by the then Depository and any other arrangements deemed necessary, shall permit withdrawal of the Notes from the Depository, and shall cause the Notes in bearer or payable form to be signed by the officers authorized to sign the Notes and delivered to the assigns of the Depository or its nominee, all at the cost and expense (including any costs of printing), if the event is not the result of City action or inaction, of those persons requesting such issuance.

The Finance Director is also hereby authorized and directed, to the extent necessary or required, to enter into any agreements determined necessary in connection with the book entry system for the Notes, after determining that the signing thereof will not endanger the funds or securities of the City.

Section 6. The Notes shall be sold at not less than par plus accrued interest (if any) at private sale by the Finance Director in accordance with law and the provisions of this Ordinance.

The Finance Director shall sign the Certificate of Award referred to in Section 3 fixing the interest rate or rates which the Notes shall bear and evidencing that sale to the original purchaser, cause the Notes to be prepared, and have the Notes signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Notes if requested by the original purchaser, to the original purchaser upon payment of the purchase price. The City Manager, the Finance Director, the City Law Director, the Clerk of Council and other City officials, as appropriate, are each authorized and directed to sign any transcript certificates, financial statements and other documents and instruments and to take such actions as are necessary or appropriate to consummate the transactions contemplated by this Ordinance. The Finance Director is authorized, if it is determined to be in the best interest of the City, to combine the issue of Notes with one or more other note issues of the City into a consolidated note issue pursuant to Section 133.30(B) of the Ohio Revised Code.

Section 7. The proceeds from the sale of the Notes received by the City (or withheld by the original purchaser on behalf of the City) shall be paid into the proper fund or funds, and those proceeds are appropriated and shall be used for the purpose for which the Notes are being issued. The Certificate of Award may authorize the original purchaser to withhold certain proceeds from the sale of the Notes to provide for the payment of certain financing costs on behalf of the City. Any portion of those proceeds received by the City (after payment of those financing costs) representing premium or accrued interest shall be paid into the Bond Retirement Fund.

Section 8. The par value to be received from the sale of the Bonds or of any renewal notes and any excess funds resulting from the issuance of the Notes shall, to the extent necessary, be used to pay the debt charges on the Notes at maturity and are pledged for that purpose.

Section 9. During the year or years in which the Notes are outstanding, there shall be levied on all the taxable property in the City, in addition to all other taxes, the same tax that would have been levied if the Bonds had been issued without the prior issuance of the Notes. The tax shall be within the ten-mill limitation imposed by law, shall be and is ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers, in the same manner, and at the same time that taxes for general purposes for each of those years are certified, levied, extended and collected, and shall be placed before and in preference to all other items and for the full amount thereof. The proceeds of the tax levy shall be placed in the Bond Retirement Fund, which is irrevocably pledged for the payment of the debt charges on the Notes or the Bonds when and as the same fall due.

In each year to the extent net revenues from the municipal water utility are available for the payment of the debt charges on the Notes or the Bonds and are appropriated for that purpose, the amount of the tax shall be reduced by the amount of such net revenues so available and appropriated.

In each year to the extent receipts from the municipal income tax are available for the payment of the debt charges on the Notes or the Bonds and are appropriated for that purpose, and to the extent not paid from net revenues of the municipal water utility, the amount of the tax shall be reduced by the amount of such receipts so available and appropriated in compliance with the following covenant. To the extent necessary, the debt charges on the Notes and the Bonds shall

be paid from municipal income taxes lawfully available therefor under the Constitution and the laws of the State of Ohio and the Charter of the City; and the City hereby covenants, subject and pursuant to such authority, including particularly Section 133.05(B)(7) of the Ohio Revised Code, to appropriate annually from such municipal income taxes such amount as is necessary to meet such annual debt charges.

Nothing in the two preceding paragraphs in any way diminishes the irrevocable pledge of the full faith and credit and general property taxing power of the City to the prompt payment of the debt charges on the Notes and the Bonds.

Section 10. The City covenants that it will use, and will restrict the use and investment of, the proceeds of the Notes in such manner and to such extent as may be necessary so that (a) the Notes will not (i) constitute private activity bonds or arbitrage bonds under Sections 141 or 148 of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) be treated other than as bonds the interest on which is excluded from gross income under Section 103 of the Code, and (b) the interest on the Notes will not be an item of tax preference under Section 57 of the Code.

The City further covenants that (a) it will take or cause to be taken such actions that may be required of it for the interest on the Notes to be and remain excluded from gross income for federal income tax purposes, (b) it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Notes to the governmental purpose of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate payments to the federal government, (iv) maintain books and records and make calculations and reports and (v) refrain from certain uses of those proceeds, and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code.

The Finance Director or any other officer of the City having responsibility for issuance of the Notes is hereby authorized (a) to make or effect any election, selection, designation, choice, consent, approval, or waiver on behalf of the City with respect to the Notes as the City is permitted to or required to make or give under the federal income tax laws, including, without limitation thereto, any of the elections available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Notes or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments or penalties with respect to the Notes, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments with respect to the Notes, which action shall be in writing and signed by the officer, (b) to take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the City, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Notes, and (c) to give one or more appropriate certificates of the City, for inclusion in the transcript of proceedings for the Notes, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Notes, the facts, circumstances and estimates on which they are based, and other

facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Notes. The Finance Director or any other officer of the City having responsibility for issuance of the Notes is specifically authorized to designate the Notes as “qualified tax-exempt obligations” if such designation is applicable and desirable, and to make any related necessary representations and covenants.

Each covenant made in this Section with respect to the Notes is also made with respect to all issues any portion of the debt service on which is paid from proceeds of the Notes (and, if different, the original issue and any refunding issues in a series of refundings), to the extent such compliance is necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes, and the officers identified above are authorized to take actions with respect to those issues as they are authorized in this Section to take with respect to the Notes.

Section 11. The Clerk of Council is directed to promptly deliver a certified copy of this Ordinance and the Certificate of Award to the County Auditor of Henry County, Ohio.

Section 12. The Finance Director is authorized to request a rating for the Notes from Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Service, or both, as the Finance Director determines is in the best interest of the City. The expenditure of the amounts necessary to secure any such ratings as well as to pay the other financing costs (as defined in Section 133.01 of the Ohio Revised Code) in connection with the Notes is hereby authorized and approved and the amounts necessary to pay those costs are hereby appropriated from the proceeds of the Notes, if available, and otherwise from available moneys in the General Fund.

Section 13. The legal services of the law firm of Squire Patton Boggs (US) LLP are hereby retained in connection with the authorization, issuance and sale of the Notes. Those legal services shall be in the nature of legal advice and recommendations as to the documents and the proceedings in connection with the authorization, sale and issuance of the Notes and securities issued in renewal of the Notes and rendering at delivery related legal opinions. In providing those legal services, as an independent contractor and in an attorney-client relationship, that firm shall not exercise any administrative discretion on behalf of this City in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the State, any county or municipal corporation or of this City, or the execution of public trusts. For those legal services that firm shall be paid just and reasonable compensation and shall be reimbursed for actual out-of-pocket expenses incurred in providing those legal services. The Finance Director is authorized and directed to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm. The amounts necessary to pay those fees and any reimbursement are hereby appropriated from the proceeds of the Notes, if available, and otherwise from available moneys in the General Fund.

Section 14. The services of Sudsina & Associates, LLC are hereby retained in connection with the authorization, issuance and sale of the Notes. Those services shall be in the nature of financial advice and recommendations in connection with the sale and issuance of the Notes. For those services that municipal advisor shall be paid just and reasonable compensation and shall be reimbursed for actual out-of-pocket expenses incurred in providing those services.

The Finance Director is authorized and directed to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm. The amounts necessary to pay those fees and any reimbursement are hereby appropriated from the proceeds of the Notes, if available, and otherwise from available moneys in the General Fund.

Section 15. This Council determines that all acts and conditions necessary to be done or performed by the City or to have been met precedent to and in the issuing of the Notes in order to make them legal, valid and binding general obligations of the City have been performed and have been met, or will at the time of delivery of the Notes have been performed and have been met, in regular and due form as required by law; that the full faith and credit and general property taxing power (as described in Section 9) of the City are pledged for the timely payment of the debt charges on the Notes; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Notes.

Section 16. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council and any of its committees, and that all deliberations of this Council and any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law including Section 121.22 of the Ohio Revised Code.

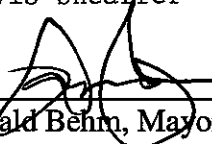
Section 17. This Ordinance shall be in full force and effect on the earliest date permitted by law.

Passed: January 5, 2015



~~John A. Helberg~~, Council President
Travis Sheaffer

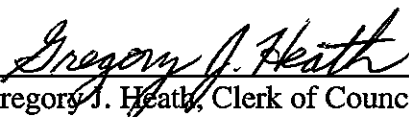
Approved: January 5, 2015



Ronald Behm, Mayor

VOTE ON PASSAGE 7 Yea 0 Nay 0 Abstain

Attest:



Gregory J. Heath, Clerk of Council

I, Gregory J. Heath, Clerk of Council of the City of Napoleon, do hereby certify that the foregoing Ordinance No. 072-14 was duly published in the Northwest Signal, a newspaper of general circulation in said City on the 8th day of January, 2015; and I further certify the compliance with rules established in Chapter 103 of the Codified Ordinances of Napoleon, Ohio and the laws of the State of Ohio pertaining to Public Meetings.



Gregory J. Heath, Clerk of Council

CERTIFICATION OF RECORDS

I, Gregory J. Heath, Clerk of Council, of the City of Napoleon, Ohio, do hereby certify and attest that this document to be a **True and Correct** copy of Ordinance Number 072-14, passed January 5, 2015.

Gregory J. Heath, Clerk of Council

Date

**SUPPLEMENTAL
FISCAL OFFICER'S CERTIFICATE**

To the City Council of the City of Napoleon, Ohio:


As fiscal officer of the City of Napoleon, Ohio, and supplementing the fiscal officer's certificate of February 4, 2013, I certify in connection with your proposed issue of notes in the maximum principal amount of \$2,500,000 (the "*Notes*"), to be issued in anticipation of the issuance of bonds (the "*Bonds*") for the purpose of paying the costs of improving the municipal water system by constructing a new water treatment plant, acquiring and improving related interests in real property, improving and rehabilitating the existing water treatment plant and related storage facilities, and rehabilitating the elevated storage tanks, together with all necessary and related appurtenances thereto (the "*Improvement*"), that:

1. The estimated life or period of usefulness of the Improvement is at least five years.

2. The estimated maximum maturity of the Bonds, calculated in accordance with Section 133.20, Ohio Revised Code, is at least thirty (30) years, being my estimate of the life or period of usefulness of that Improvement. If notes in anticipation of the Bonds are outstanding later than the last day of December of the fifth year following the year of issuance of the original issue of notes, the period in excess of those five years shall be deducted from that maximum maturity of the Bonds.

3. The maximum maturity of the Notes is March 7, 2033.

Dated: December 1, 2014



Finance Director
City of Napoleon, Ohio

INVITATION FOR PROPOSALS

\$2,500,000

City of Napoleon, Ohio
Capital Facilities Notes, Series 2015

General Obligation Bond Anticipation Notes
(Limited Tax Bonds)

Invitation for Proposals. The City of Napoleon, Ohio (the “City”), is planning to issue \$2,500,000 Capital Facilities Notes, Series 2015 (the “Notes”). By this Invitation for Proposals (the “Invitation”), the City is inviting electronic proposals (via BiDCOMP/Parity in the manner described under Electronic Proposals), written (including facsimile or electronic mail) proposals or oral proposals communicated by telephone, for the purchase, at not less than 100% of par and accrued interest, of all of the Notes. Proposals will be received until **11:00 a.m., Ohio time, on Wednesday, February 18, 2015**. Each proposal shall specify the single rate of interest that the Notes are to bear. A suggested proposal form that may, but need not, be used is attached.

Electronic Proposals. Electronic bids must be submitted via BiDCOMP/Parity and in accordance with the provisions of this Invitation. No other form of electronic bid or provider of electronic bidding services will be accepted. For purposes of the electronic bidding process, the time as maintained by BiDCOMP/Parity shall constitute the official time with respect to all bids submitted electronically. To the extent any instructions or directions set forth in BiDCOMP/Parity conflict with this Invitation, the terms of this Invitation shall control. Each bidder submitting an electronic bid agrees that: (i) it is solely responsible for all arrangements with BiDCOMP/Parity; (ii) BiDCOMP/Parity is not acting as the agent of the City; and (iii) the City is not responsible for ensuring or verifying bidder compliance with any of the procedures of BiDCOMP/Parity. The City assumes no responsibility for, and each bidder expressly assumes the risks of and responsibility for, any incomplete, inaccurate or untimely bid submitted by the bidder through BiDCOMP/Parity. Each bidder shall be solely responsible for making necessary arrangements to access the BiDCOMP/Parity system for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Invitation. The City shall not: (i) have any duty or obligation to provide or assure such access to BiDCOMP/Parity to any bidder; or (ii) be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, BiDCOMP/Parity.

Prospective bidders who intend to submit their bid electronically must be contracted customers of Ipreo’s BiDCOMP/Parity system. If a bidder does not have a contract with Ipreo, call (212) 849-5021. By submitting a bid for the Notes, a prospective bidder represents and warrants to the City that such bidder’s bid for the purchase of the Notes (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, binding and

enforceable contract for the purchase of the Notes. By contracting with Ipreo, a prospective bidder is not obligated to submit a bid in connection with the sale.

Proposals. Written or oral proposals will be received by the undersigned at the office of the Finance Director of the City at the address or phone number stated below. Oral proposals will be promptly confirmed in writing by the undersigned. Written proposals may either be delivered to the aforesaid location, or, at the risk of the proposer, may be faxed to the undersigned whose fax number is (419) 599-8393 or sent by electronic mail to the undersigned whose electronic mail address is gheath@napoleonohio.com. **Any proposer that attempts to use facsimile transmission or electronic mail assumes the risk that its proposal is not received or that the proposer is unable to communicate on a facsimile or electronic mail basis, whether such inability is by reason of equipment malfunction, human error, prior use of facsimile equipment or any other cause whatsoever.**

Basic Terms of the Notes. The Notes will be dated March 4, 2015; will mature March 3, 2016 without option of call or prior redemption or prepayment; and will bear interest at a rate not to exceed 6.00% per year (computed on the basis of a 360-day year consisting of twelve 30-day months) from their date payable at maturity. The Notes will be issued in such denominations as requested by the original purchaser and approved by the undersigned, provided that the Notes shall be issued in the minimum denominations of \$100,000 each or in any denomination that is the sum of (i) \$100,000 and (ii) \$1,000 or any whole multiple thereof.

The City anticipates the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes and other available funds of the City, or a combination of such sources. The ability of the City to retire the Notes from the proceeds of the sale of either renewal notes or bonds will be dependent on the marketability of such notes or bonds under market conditions prevailing at the time they are offered for sale.

No Official Statement. No official statement or other disclosure document meeting the requirement of Rule 15c2-12 of the Securities and Exchange Commission is available and therefore an original purchaser must avail itself of the exemption provided in subparagraph (d)(1) of that Rule limiting sales of the Notes to no more than 35 persons each of whom the original purchaser reasonably believes (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Notes and (ii) is not purchasing the Notes for more than one account or with a view toward distributing or reselling the Notes.

Payment of Principal and Interest; Paying Agent. The Notes will be payable in federal reserve funds of the United States of America at the designated corporate trust office of The Huntington National Bank, in Columbus, Ohio, or at such other office of a bank or trust company designated by the Finance Director after determining that the payment at that bank or trust company will not endanger the funds or securities of the City and that proper procedures and safeguards are available for that purpose, or at the office of the Finance Director if agreed to by the Finance Director and the original purchaser (the "*Paying Agent*").

Basis of Award. At the time and date stated above, Sudsina & Associates, LLC, the Municipal Advisor to the City, and the Finance Director will consider the proposals submitted and will award the Notes on the basis of the proposal resulting in the sale of the Notes at the lowest net interest cost to the stated maturity. The lowest net interest cost will be determined by taking the amount of interest from the date of the Notes to the stated maturity date and deducting therefrom the amount of any premium. In the event of tie proposals, the successful proposal will be selected by lot in a manner determined by the Finance Director. Any informality or failure to conform to the instructions contained in this Invitation may be waived by the Finance Director, and the Finance Director may reject any or all of the proposals presented. All determinations and the award by the Finance Director shall be final.

Book Entry. At the request of the original purchaser, the Finance Director may authorize the Notes to be issued as fully registered securities (for which the City will serve as note registrar) in book entry only form for use in the book entry only system of The Depository Trust Company, New York, New York (“DTC”). Fully registered Notes issued in the book entry only system of DTC will be retained and immobilized in the custody of DTC or its designated agent. For all purposes under the Note proceedings, DTC will be and will be considered by the City and the Paying Agent to be the owner or holder of the Notes. Owners of book entry interests in the Notes (book entry interest owners) will not receive or have the right to receive physical delivery of Notes, and will not be or be considered by the City and the Paying Agent to be, and will not have any rights as, owners or holders of Notes under the Note proceedings. **The original purchaser will be responsible for (i) completing and delivering to DTC, prior to delivery of the Notes, the appropriate DTC “Eligibility Questionnaire” and (ii) any fees and expenses imposed by DTC (see Costs of Issuance).**

Purpose, Security and Authorization of Notes. The Notes are to be issued in anticipation of the issuance of bonds for the purpose of paying the costs of improving the municipal water system by constructing a new water treatment plant, acquiring and improving related interests in real property, improving and rehabilitating the existing water treatment plant and related storage facilities, and rehabilitating the elevated storage tanks, together with all necessary and related appurtenances thereto.

The bonds in anticipation of which the Notes are issued, unless paid from other sources and subject to bankruptcy laws and other laws affecting creditors’ rights and to the exercise of judicial discretion, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the City, which taxes are within the ten-mill limitation imposed by law. The maximum maturity of bond anticipation notes for the improvements is March 7, 2033.

Rating. No application for a rating on the Notes has been made by the City.

Costs of Issuance. The successful proposer will be responsible for the fees of CUSIP, DTC, the Ohio Municipal Advisory Council (“OMAC”) and any other industry assessments. Payment of the fees and costs of CUSIP, DTC, OMAC and any other industry assessments shall be made by the successful proposer directly to the service providers. For information concerning OMAC, please contact OMAC at (330) 963-7444.

The City will be responsible for the payment of all other issuance costs, including the fees of Bond Counsel, the Municipal Advisor and the Paying Agent.

Legal Opinion and Tax Matters. Legal matters incident to the issuance of the Notes and with regard to the status of the interest on the Notes under existing federal and Ohio tax law are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the City, which will be furnished without cost to the original purchaser at the time the Notes are delivered to it.

The legal opinion of Bond Counsel will include an opinion to the effect that under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Notes are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Notes are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel will express no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The City has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events

occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

A portion of the interest on the Notes earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest or other income on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the

structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Limited Role of Bond Counsel. In addition to rendering the legal opinion, Bond Counsel, whose legal services have been retained by the City, will assist in the preparation of, and advise the City concerning, documents for the note transcript. Bond Counsel has not been retained to confirm or verify, assumes no responsibility for, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in any reports, financial information, offering or disclosure documents or other information relating to the City or the Notes that may be prepared or made available by the City or others to those submitting proposals for or holders of the Notes or others.

Limited Role of Municipal Advisor. The City has also retained Sudsina & Associates, LLC, in connection with the preparation of the City's issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of any statements in any reports, financial information or other information relating to the City or the Notes that may be prepared or made available by the City or others to those submitting proposals for or holders of the Notes or others. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Form and Delivery of Notes Upon Payment of Purchase Price. The Notes will be prepared in typewritten or xerographically reproduced form at the expense of the City. If the original purchaser requests printed Notes, the original purchaser must pay the expense of printing. Delivery will be made without charge at such place in the State of Ohio as the original purchaser shall designate, provided that mutually satisfactory arrangements for delivery outside the State of Ohio at the expense of the original purchaser may be made. It is anticipated that delivery will be made on March 4, 2015, by 10:00 a.m., Ohio time. The original purchaser must pay for the Notes no later than 10:00 a.m., Ohio time, on the date of delivery in Federal Reserve funds of the United States of America.

CUSIP. CUSIP numbers and any CUSIP Service Bureau charge for the assignment of the numbers are the responsibility of the original purchaser (see **Costs of Issuance**). Any delay, error or omission with respect thereto shall not constitute cause for the original purchaser to refuse to accept delivery of and pay for the Notes.

Subsequent Events. In the event that, prior to their delivery, the interest on the Notes should by any act of Congress or otherwise become subject to federal income tax, or any act of Congress should provide that the interest income on the Notes shall be taxable at a future date for federal income tax purposes other than as discussed herein, whether directly or indirectly, the original purchaser may refuse to accept delivery.

Transcript of Proceedings. The City will furnish the transcript of proceedings and a certificate that to the knowledge of the signers no litigation or administrative action or proceeding is pending or threatened at the time of initial delivery to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Notes or the levy and collection of the taxes or the charge and collection of any applicable rates, fees or charges for their payment, or to contest or question the proceedings and authority under which the Notes will have been authorized, issued, sold, signed or delivered or the validity of the Notes or the issuance of the bonds in anticipation of which the Notes are to be issued.

Other Obligations of the Purchaser. The original purchaser of the Notes from the City, by submitting its proposal, agrees to provide promptly and timely to the City and Bond Counsel information as to bona fide initial offering prices to the public and sales of the Notes appropriate for the determination of the issue price of, and the yield on, the Notes under the Code, as and at the time requested by Bond Counsel.

Questions. Any questions concerning the Notes should be addressed to the undersigned, the City's Municipal Advisor, Sudsina & Associates, LLC (Stephen Szanto – (440) 773-5090), or the City's Bond Counsel, Squire Patton Boggs (US) LLP (Christopher J. Franzmann – (614) 365-2737).

Dated: February 5, 2015

Gregory J. Heath
Finance Director
City of Napoleon, Ohio
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Napoleon, OH 43545
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Facsimile: (419) 599-8393
E-Mail: gheath@napoleonohio.com

SUGGESTED PROPOSAL FORM

PROPOSAL FOR NOTES

City of Napoleon, Ohio
c/o Gregory J. Heath
Finance Director
City of Napoleon, Ohio
255 West Riverview Avenue
P.O. Box 151
Napoleon, OH 43545

February ____, 2015

For all of your \$2,500,000 Capital Facilities Notes, Series 2015 (the "Notes"), dated March 4, 2015, maturing March 3, 2016, and described in your Invitation for Proposals dated February 5, 2015 (the "Invitation"), providing for receipt of proposals by 11:00 a.m., Ohio time, on February 18, 2015, we, jointly and severally if more than one name is stated below, agree to pay the par value of the Notes (\$2,500,000) plus a premium of \$_____,* plus accrued interest from the date of the Notes to the date of delivery thereof, with the Notes to bear an interest rate of _____%** per year.

This proposal is made in accordance with and subject to the terms and conditions provided in that Invitation, which is made a part of this proposal.

* If this blank is not filled in with a dollar amount, no premium is to be paid.

** Not to exceed 6.00%.

For Information Only
(Not a part of this proposal)

Gross Interest Cost \$ _____

Less Premium or
Plus Discount \$ _____

Net Interest Cost \$ _____

Net Interest Rate _____%

Printed Name of Firm Making Proposal

Signature of Person Making Proposal
as an Authorized Officer or Agent

Name and Title of Person Signing
Proposal as an Authorized Officer or Agent

Telephone Number of Signer

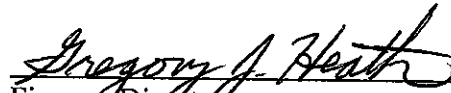
**SUPPLEMENTAL
FISCAL OFFICER'S CERTIFICATE**

To the City Council of the City of Napoleon, Ohio:

As fiscal officer of the City of Napoleon, Ohio, and supplementing the fiscal officer's certificate of February 4, 2013, I certify in connection with your proposed issue of notes in the maximum principal amount of \$2,500,000 (the "*Notes*"), to be issued in anticipation of the issuance of bonds (the "*Bonds*") for the purpose of paying the costs of improving the municipal water system by constructing a new water treatment plant, acquiring and improving related interests in real property, improving and rehabilitating the existing water treatment plant and related storage facilities, and rehabilitating the elevated storage tanks, together with all necessary and related appurtenances thereto (the "*Improvement*"), that:

1. The estimated life or period of usefulness of the Improvement is at least five years.
2. The estimated maximum maturity of the Bonds, calculated in accordance with Section 133.20, Ohio Revised Code, is at least thirty (30) years, being my estimate of the life or period of usefulness of that Improvement. If notes in anticipation of the Bonds are outstanding later than the last day of December of the fifth year following the year of issuance of the original issue of notes, the period in excess of those five years shall be deducted from that maximum maturity of the Bonds.
3. The maximum maturity of the Notes is March 7, 2033.

Dated: December 1st, 2014



Finance Director
City of Napoleon, Ohio