

**CITY OF LOCKPORT
NIAGARA COUNTY, NEW YORK**
(the "City")

\$995,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2011
(Book-Entry-Only) (the "Bonds") (Designated/Bank Qualified)

NOTICE OF PRIVATE COMPETITIVE BOND SALE

Telephone (585) 394-4090, Fax (585) 394-4092 or written proposals will be received and considered by the undersigned City Treasurer of the City of Lockport, Niagara County, New York, at the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York on Tuesday, November 15, 2011, until 11:30 A.M., (Prevailing Time), at which time and place they will be publicly opened and announced, for the purchase, in Federal Funds, at not less than par and accrued interest of \$995,000 Public Improvement (Serial) Bonds, 2011 (the "Bonds"), dated November 29, 2011, and maturing in the annual principal installments each calendar year on November 15, as follows:

<u>Year</u>	<u>Amount</u>
2012	\$175,000
2013	190,000
2014	200,000
2015	205,000
2016	225,000

The Bonds will be dated November 29, 2011. The Bonds will bear interest at the rate or rates per annum specified by the successful bidder therefore in accordance herewith, payable on May 15, 2012, and semiannually thereafter on November 15 and May 15 in each year until maturity.

The Bonds will NOT be subject to redemption prior to maturity.

Interest will be calculated on the basis of thirty (30) days to the month and three hundred sixty (360) days to the year. Unless all bids are rejected, the Bonds will be awarded and sold to the bidder complying with terms of this Notice of Sale and offering to purchase the Bonds at the lowest net interest cost. The City reserves the right to reject any or all bids, and any bid not complying with this Notice of Sale will be rejected.

The record date for the Bonds is the last business day of the calendar month preceding an interest payment date.

The Bonds will be issued in registered form by means of a book-entry-only system with no physical distribution of bond certificates to the public. One bond certificate for each maturity will be registered to Cede & Co. as nominee for the Depository Trust Company, New York, New York ("DTC") and immobilized in its custody.

DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of individual purchasers in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the City) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds will be payable by the City or its agent by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to

its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the successful bidder to obtain CUSIP numbers for the Bonds prior to delivery and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the successful bidder to obtain such numbers and to supply them to the City in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

The Bonds will be designated as “qualified tax-exempt obligations” pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended (the Code).

Each proposal must be for all of the Bonds and must state in a multiple of one-hundredth of 1% or a multiple of one-eighth of 1%, the rate or rates of interest per annum which the Bonds are to bear and may state different rates of interest for Bonds maturing in different calendar years; provided, however, that (i) only one rate of interest may be bid for all bonds maturing in any one calendar year, (ii) variations in rates of interest so bid shall be in ascending progression in order of maturity so that the rate of interest on bonds maturing in any particular calendar year shall not be less than the rate of interest applicable to bonds maturing in any prior calendar year, and (iii) all rates of interest bid must be stated in a multiple of one-eighth or one-hundredth of one per centum per annum. Unless all bids are rejected, the award will be made to the bidder complying with the terms of sale and offering to purchase said bonds at such rate or rates of interest as will produce the lowest net interest cost computed in accordance with the net interest cost method of calculation, that being the rate or rates of interest which will produce the least interest cost over the life of the Bonds, after accounting for the premium offered, if any. If two or more such bidders offer to purchase the Bonds at the same net interest cost, computed as described above, the Bonds will be awarded to the bidder whose bid offers to purchase the Bonds at the highest premium dollar amount. The right is reserved to reject any or all bids, and any bid not complying with this Notice of Sale, except as provided above, will be rejected. A GOOD FAITH DEPOSIT WILL NOT BE REQUIRED.

The Bonds will be executed and delivered to DTC, to be held in escrow, on or about November 28, 2011.

The purchase price of the Bonds, in accordance with the purchaser’s bid, shall be paid IN FEDERAL FUNDS or other funds available for immediate credit in New York, New York on or about November 29, 2011, in an amount equal to the par amount of said Bonds, plus the premium, plus accrued interest, if any, from the date of said Bonds until such day of delivery.

The Bonds are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, City Law and three bond resolutions adopted on October 5, 2011, authorizing the issuance of serial bonds for (1) the purchase of municipal refuse and recycling carts (\$834,420); (2) the purchase and installation of computer software (\$24,150) and (3) to pay a portion of the cost of the purchase of a firefighting vehicle (\$136,430). Proceeds of the Bonds will provide original financing for the projects.

The Bonds are general obligations of the City, all the taxable real property within which is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. The State Constitution requires the City to pledge its faith and credit for the payment of the principal of the Bonds and the interest thereon and to make annual appropriations for the amounts required for the payment of such interest and the redemption of the Bonds. The State Constitution also provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on the Bonds and certain other obligations of the City, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes, and also that the fiscal officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

As a condition to the purchaser's obligation to accept delivery of and pay for the Bonds, such purchaser will be furnished, without cost, the following, dated as of the date of the delivery of and payment for said Bonds: (i) a Closing Certificate, constituting a receipt for the Bond proceeds and a signature certificate, which will include a statement that no litigation is pending, or to the knowledge of the signers, threatened affecting the Bonds, (ii) an arbitrage certificate executed on behalf of the City which will include, among other things, covenants, relating to compliance with the

Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the City will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for federal income tax purposes, including without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the Federal Government, if any, and maintaining books and records in a specified manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes, and (iii) the unqualified legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York.

The successful bidder may, at its option, refuse to accept the Bonds if prior to delivery of the Bonds any income tax law shall provide that the interest of such Bonds is taxable, or shall be taxable at a future date for federal income tax purposes.

THE CITY RESERVES THE RIGHT TO CHANGE THE TIME AND/OR DATE FOR THE OPENING OF BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED NOT LESS THAN ONE HOUR PRIOR TO THE TIME SET FORTH ABOVE FOR THE OPENING OF BIDS BY MEANS OF A SUPPLEMENTAL NOTICE OF SALE TO BE TRANSMITTED OVER THE TM3.

Copies of the Notice of Sale may be obtained upon request from the offices of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number (585) 394-4090.

No official statement accompanies this Notice of Sale.

November 7, 2011
Lockport, New York

Michael E. White
City Treasurer and Chief Fiscal Officer

Additional copies of the Notice of Sale may be obtained upon request
from the Office of Municipal Solutions, Inc., 2528 State Route 21,
Canandaigua, New York 14424, telephone (585) 394-4090.
Website: www.municipalsolution.com

**PROPOSAL FOR \$995,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2011
City of Lockport, Niagara County, New York**

Michael E. White, Treasurer
City of Lockport
c/o Municipal Solutions, Inc.
2528 State Route 21
Canandaigua, New York 14424
Telephone: 585-394-4090
Fax: 585-394-4092

Sale Date: November 15, 2011
11:30 A.M., Prevailing Time

Dated: November 29, 2011

Maturity Dates: November 15, 2012/2016

Dear Mr. White:

For the **\$995,000 Public Improvement (Serial) Bonds, 2011 (the "Bonds") of the City of Lockport, Niagara County, New York**, that are the subject of the annexed Notice of Sale, which is hereby made a part of this bid, we will pay \$995,000 plus a premium of \$_____ and accrued interest to date of delivery, provided that the bonds maturing set forth below shall bear interest in the indicated multiple(s) of 1/8th or 1/100th of one per centum (1%), from their dated date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Interest Rate</u>
2012	_____ %
2013	_____ %
2014	_____ %
2015	_____ %
2016	_____ %

The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Bond Sale, but not constituting any part of the foregoing proposal for the purchase of the Bonds.

Interest Rate.....	_____ %
Gross Interest Cost.....	\$ _____
Less Premium Bid Over Par.....	\$ _____
Net Interest Cost	\$ _____
Effective Net Interest Cost Rate.....	_____ %
	(Four Decimals)

Signature

Name of Financial Institution

Address

Telephone

Fax No.

Email Address