
INVITATION FOR BIDS

**\$10,645,000
CITY OF DECATUR, ALABAMA
WATER REVENUE WARRANTS
SERIES 2013**

to Be Dated April 23, 2013

The CITY OF DECATUR, ALABAMA ("the City"), invites bids for the purchase of its \$10,645,000 Water Revenue Warrants, Series 2013, dated April 23, 2013 (the "Series 2013 Warrants"). The bids will be received (1) in sealed envelopes hand delivered to the City Clerk as hereinafter described or (2) electronically, via PARITY[®], in either case, at or before 9:30 a.m., Decatur, Alabama time, on April 9, 2013.

Denominations, Numbers, Interest and Maturity Schedule; Provision for Term Warrants

Subject to the modifications permitted in accordance with the next succeeding paragraph hereof, the Series 2013 Warrants will mature as set forth on the cover page of the Preliminary Official Statement.

Bidders for the Series 2013 Warrants may, at their option, specify that those of the Series 2013 Warrants maturing in any two or more consecutive years, as set forth in the maturity schedule in the Preliminary Official Statement, may, in lieu of maturing in each of such years, constitute "term warrants" ("Term Warrants") scheduled to mature in the last of such years, but subject to mandatory redemption prior to maturity, as described below under the heading "Redemption Provisions."

The Series 2013 Warrants will be issuable only as fully registered warrants without coupons, in the denomination of \$5,000 or any integral multiple thereof, and will be appropriately numbered; provided that each Series 2013 Warrant may have only one maturity date and may bear interest until maturity at only one fixed rate. The Series 2013 Warrants will be dated April 23, 2013. Interest on the Series 2013 Warrants will be first payable on November 1, 2013, and semiannually on each May 1 and November 1 thereafter until and at their respective maturities.

Adjustment of Annual Principal Amounts

The principal amortization schedule may be changed by the City prior to the time bids are to be received (each such principal amortization schedule, as adjusted (if applicable), is herein referred to as the "Adjusted Amounts"), and such changes, if any, will be communicated by Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News not later than 1:00 p.m., Decatur, Alabama time, on April 8, 2013. Bidders may not adjust principal amounts or maturity dates. Upon any such revision, a revised Official Bid Form may be obtained by contacting Terry Hogan, at (205) 252-2105.

After selecting the winning bid, the City will determine each final annual principal amount (the "Final Amounts"). In determining the Final Amounts, the City will not increase or reduce any Adjusted Amount by more than 10% of such maturity. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ADJUSTED AMOUNTS WITHIN THESE LIMITS.**

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the amortization schedule of the Series 2013 Warrants. Such adjusted bid price ("Adjusted Bid Price") will reflect changes in the dollar amount of the underwriter's discount and original issue discount, if any, but will not change the underwriter's discount per \$1,000 of par amount of warrants from the underwriter's discount which would have been received based on the purchase price in the winning bid and the initial public offering prices. The Final Amounts and the Adjusted Bid Price will be communicated to the successful bidder no later than 11:00 a.m., Decatur, Alabama time, on April 9, 2013.

Postponement

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News not later than 2:00 p.m., Decatur, Alabama time, on April 8, 2013.

Book-Entry Form Only

The Series 2013 Warrants will be initially issued pursuant to a Book-Entry System and will be issued in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2013 Warrants. Purchases of beneficial interests in the Series 2013 Warrants will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in the Series 2013 Warrants. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2013 Warrants, payment of principal and interest will be made directly to DTC or such nominee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants of DTC.

Registration Provisions

All Series 2013 Warrants will upon initial issuance be registered in the name of Cede & Co. as to both principal and interest by Regions Bank, which has been designated and appointed as the paying agent, registrar and transfer agent of the City with respect to the Series 2013 Warrants (the "Registrar"). The Registrar is required to maintain, at its designated corporate trust office in Birmingham, Alabama, registry and transfer books pertaining to the Series 2013 Warrants.

Redemption Provisions

Optional Redemption

Those of the Series 2013 Warrants having stated maturities in 2023 and thereafter will be redeemable prior to their respective maturities, at the option of the City, as a whole or in part, on May 1, 2022, and on any date thereafter [but if in part, only in installments of \$5,000 or any integral multiple thereof and in such order and amount as the City may determine in its sole discretion], and if less than all of such Series 2013 Warrants of a single maturity are to be redeemed, those (or portions of the principal thereof) to be redeemed to be selected as set forth in the ordinance authorizing the issuance of the Series 2013 Warrants (the "Warrant Ordinance"), at and for a redemption price, with respect to each such Series 2013 Warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

Mandatory Redemption

The bidder shall have the option of specifying that the principal amount of Series 2013 Warrants maturing in any two or more consecutive years, as set forth in the Preliminary Official Statement, may, in lieu of maturing in each of such years, be designated to comprise one or more maturities of Series 2013 Warrants ("Term Warrants") scheduled to mature in the last of such years, but subject to mandatory redemption [but if in part, only in installments of \$5,000 or any integral multiple thereof, and those (or portions thereof) to be so redeemed to be selected in accordance with the Book-Entry System], at a redemption price, with respect to each such Term Warrant (or portion of the principal thereof) to be so redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption thereof, without premium or penalty.

Payment Provisions

Payments of the principal of and the interest on the Series 2013 Warrants will be made pursuant to the Book-Entry System as described in the Preliminary Official Statement and the Warrant Ordinance.

Security

The Series 2013 Warrants will constitute special or limited obligations of the City, Alabama, payable on a parity of lien with the City's outstanding Series 2009 Warrants (as defined in the Preliminary Official Statement) and on a superiority of lien to the Subordinated SRF Obligations (as also defined in the Preliminary Official Statement), solely from, and secured by a pledge of so much as may be necessary of, the net revenues to be derived by the City from the operation of its waterworks plant and distribution system. The full faith and credit of the City are not pledged for payment of the principal of or the interest on the Series 2013 Warrants, and the obligation of the City to make such payments does not constitute a charge on the City's general credit or taxing power or a general obligation of the City.

Submission of Bids

(1) A bid may be submitted on the Official Bid Form, copies of which are available (on request) from the City or its financial advisor. Each bidder must complete all applicable blank spaces in the Official Bid Form submitted by it. Such bid must be enclosed in a sealed envelope, hand delivered to the office of the City Clerk marked "Bid for Series 2013 Warrants," by no later than 9:30 o'clock a.m., Decatur, Alabama time, on April 9, 2013, at which time such bids will be publicly opened and read at the Council Chamber in City Hall in Decatur, Alabama.

(2) A bid may be electronically submitted via PARITY[®], until 9:30 a.m. Decatur, Alabama time, on April 9, 2013. To the extent any instructions or directions set forth in PARITY[®] conflict with this Invitation for Bids, the terms of this Invitation shall control. For further information about PARITY[®], potential bidders may contact PARITY[®] at 1-DEAL (212) 404-8102.

Every bid must be unconditional and irrevocable and the winning bidder must submit the required deposit described below. Bidders are required to supply the true interest cost resulting from their bids, computed as prescribed below under the caption "Sale on True Interest Cost Basis; Method of Computing True Interest Cost" which shall be binding on the bidder. Each bid must be in accordance with the terms and conditions set forth in this Invitation for Bids. The City reserves the right to reject any or all bids or to waive any irregularities in the bids for the Series 2013 Warrants and in the qualifications for bidding. Further, no conditional bids will be considered except that all bids will be considered as having been conditioned upon the provisions of this notice.

Interest Rates and Bid Amount

The bidders are invited to name the annual rate or rates of interest to be borne by the Series 2013 Warrants, subject to the following conditions: (1) no rate named for any maturity may exceed any rate named for a subsequent maturity; (2) the highest rate named may not exceed the lowest rate named by more than 3%; (3) no rate named may be less than 1.00% or exceed 4.00%; (4) all Series 2013 Warrants having the same maturity (whether such maturity is set out in the maturity schedule above or is a serial maturity of Term Warrants specified in such bid) must bear the same rate of interest throughout their life; and (5) each rate named must be a multiple of 1/8 or 1/20 of 1%.

No bid for the Series 2013 Warrants will be considered which offers to pay less than 99% or more than 103% of the face value thereof, plus accrued interest thereon from their date to the date of their delivery.

Sale on True Interest Cost Basis; Method of Computing True Interest Cost

The Series 2013 Warrants will be sold and awarded to THE BIDDER WHOSE BID THEREFOR REFLECTS THE LOWEST TRUE INTEREST COST FOR THE SERIES 2013 WARRANTS; provided, that if two or more bids are submitted that produce the same lowest true interest cost for such issue of Series 2013 Warrants, then the City will sell and award such Series 2013 Warrants to the bidder who offers to pay the highest purchase price therefor; and provided further, that the right is reserved to reject any or all bids for the Series 2013 Warrants for any reason that the City in its sole discretion may determine.

If there is a variance between the true interest cost for the Series 2013 Warrants, as stated in the successful bid therefor, and the true interest cost therefor that is actually produced by the interest rates and the purchase price named in that bid, the true interest cost stated in that bid will control and the successful bidder will be required to adjust the interest rates or the purchase price or both, within the limitations provided in this invitation, so that they will produce the true interest cost stated in that bid. The true interest cost produced by a bid shall be determined by ascertaining the total amount of interest, computed from the date of the Series 2013 Warrants to their respective maturities at the applicable rate or rates stated in such bid, and deducting therefrom the amount of any premium, or adding thereto the amount of any discount, reflected by such bid.

Good Faith Deposit

The successful bidder is required to submit a good faith deposit to the City in the form of a bank cashier's check or an official bank check (or to wire transfer such amount to the City pursuant to the wire instructions provided by the City upon request) in the amount of \$106,450 (regardless of a change in the principal amortization schedule) not later than 3:30 o'clock, P.M., Decatur, Alabama time, on the business day next following the award of the Series 2013 Warrants. If a check is used, it must be payable to the order of the City and drawn on a bank having membership in the Federal Reserve System or the Federal Deposit Insurance Corporation.

Delivery of the Series 2013 Warrants

The Series 2013 Warrants will be delivered in Birmingham, Alabama, against payment therefor in federal or other funds immediately available to the City, as soon as they and the supporting documents may be prepared. The City will notify the successful bidder of the date of such delivery and the address of the place at which such delivery shall be made, and such notice will be given to the successful bidder not less than ten (10) business days prior to such date (which such date shall thenceforth be considered as

the scheduled date of delivery of the Series 2013 Warrants). It is anticipated that the scheduled date of delivery of the Series 2013 Warrants will be on or about April 23, 2013, but if the Series 2013 Warrants are not tendered for delivery by May 8, 2013, the successful bidder may, at its option, terminate its contract to purchase the Series 2013 Warrants.

Issue Price Information

The successful bidder for the Series 2013 Warrants, by submitting its bid, agrees to deliver to the City, prior to the delivery of such Series 2013 Warrants, a certificate in form and substance satisfactory to the City's Bond Counsel, (1) specifying, for each maturity of the Series 2013 Warrants, the initial reoffering price at which a substantial amount (i.e., at least 10% in principal amount) of such Series 2013 Warrants of such maturity was sold, or was reasonably expected to be sold, to the public (excluding bond houses, brokers and other intermediaries) as of the date of the sale of the Series 2013 Warrants to such successful bidder, and (2) stating that the successful bidder has made a bona fide public offering of the Series 2013 Warrants at the respective reoffering prices specified in such certificate; provided, however, that if, in the case of any maturity of the Series 2013 Warrants, less than 10% in principal amount thereof shall have been so sold as of the date of delivery of the Series 2013 Warrants, (a) such certificate shall so state, and (b) the successful bidder will, not less than three days after at least 10% in principal amount thereof have been so sold to the public, furnish to the City an appropriate certificate with respect thereto.

Legal Opinion

The City will furnish to the successful bidder or bidders, without cost, the Series 2013 Warrants and the legal opinion of Jones Walker LLP, Bond Counsel for the City, approving the validity of the Series 2013 Warrants, which such opinion will be the only opinion rendered by Bond Counsel in connection with the sale and issuance of the Series 2013 Warrants. Reference is hereby made to the Preliminary Official Statement respecting the Series 2013 Warrants (and to the proposed form of the opinion of Bond Counsel therein) for the proposed form of such opinion with respect to the Series 2013 Warrants and for a description of the limitations on the scope of the employment of Bond Counsel in connection with the issuance of the Series 2013 Warrants.

CUSIP Numbers

It is expected that CUSIP numbers will be printed on the Series 2013 Warrants, but neither the absence of such numbers on any or all of the Series 2013 Warrants nor the presence of an incorrect number on all or any thereof shall entitle the purchaser thereof to refuse to pay for or accept delivery of the Series 2013 Warrants. The City will pay all expenses in connection with the CUSIP numbers (including the CUSIP Service Bureau charge for the assignment of such numbers).

Official Statements

The City has prepared (or caused to be prepared), with respect to the Series 2013 Warrants, a Preliminary Official Statement that the City deems, for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, to be final as of its date, except for the omission of certain information not required, under the terms of said Rule 15c2-12, to be set forth therein. Each successful bidder, by submitting its bid, agrees

(a) that the City may, after the sale and award of the Series 2013 Warrants to such successful bidder, prepare (or cause to be prepared) a final Official Statement with respect to the Series 2013 Warrants, such final Official Statement to be dated the date of such sale and award of the Series 2013 Warrants and to be otherwise in substantially the form of the aforesaid Preliminary Official Statement,

with such changes, revisions and amendments as the Mayor of the City may (with the advice of the City Attorney and Bond Counsel) deem appropriate,

(b) that the City may, after such sale and award of the Series 2013 Warrants and prior to their delivery, issue any supplement or amendment to such final Official Statement that may in its judgment be necessary in order that such final Official Statement, as of the date of such delivery, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to be stated therein to make the statements therein, in the light of the circumstances under which they were made, not misleading, and

(c) that neither any such change, revision or amendment of the aforesaid Preliminary Official Statement, nor the issuance of any such supplement or amendment to the aforesaid final Official Statement (as so changed, revised and amended), will entitle such successful bidder to terminate its contract to purchase the Series 2013 Warrants, and such successful bidder will nevertheless accept delivery of, and pay for, the Series 2013 Warrants on the scheduled date of delivery thereof, all in accordance with applicable provisions of this Invitation for Bids.

Continuing Disclosure

For information concerning the City's obligations with respect to continuing disclosure, see the City's Preliminary Official Statement respecting the Series 2013 Warrants and the Warrant Ordinance authorizing the issuance of the Series 2013 Warrants. Prospective purchasers of the Series 2013 Warrants from the City may obtain a copy of the Warrant Ordinance by contacting either (1) the City Clerk, Post Office Box 488, Decatur, Alabama 35602 [telephone (256) 355-7410], or (2) the City's financial advisor named below, at the e-mail address and telephone specified below.

Disclaimer

Each bidder using electronic bidding shall be solely responsible for making the necessary arrangements to access the PARITY® system for purposes of submitting the bids in a timely manner and in compliance with the requirements of this Invitation for Bids. Neither the City nor PARITY® shall have any duty or obligation to provide or assure such access to any bidder, and neither the City nor PARITY® shall be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the PARITY® system. The City is authorizing the use of PARITY® as a communication mechanism to conduct electronic bidding for the Series 2013 Warrants and such service is not an agent of the City. The City is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Invitation for Bids and in particular the specifications set forth herein. All costs and expenses incurred by bidders with their registration via PARITY® are the sole responsibility of such bidders.

Miscellaneous

For a copy of the Preliminary Official Statement (including the Official Bid Form) or for further information, contact the City's financial advisor, Joe Jolly & Co., Inc., 420 20th Street North, Suite 2350, Birmingham, Alabama 35203 [telephone (205) 252-2105][email jjolly@jjollyco.com]. The City will, within seven (7) business days following the award of the Series 2013 Warrants, (1) furnish to the successful bidders for the Series 2013 Warrants, without cost thereto, fifty (50) copies of the final Official Statement, and (2) furnish to each such successful bidder, such number of additional copies [not exceeding fifty (50)] of such final Official Statement as such successful bidder may request, by notice in writing furnished to the City and its Bond Counsel. Expenses for such additional copies shall be paid by the successful bidder.

CITY OF DECATUR, ALABAMA

By /s/ Don Kyle
Mayor

OFFICIAL BID FORM

**\$10,645,000
CITY OF DECATUR, ALABAMA
WATER REVENUE WARRANTS
SERIES 2013**

Dated April 23, 2013

Joe Jolly & Co., Inc.
Birmingham, Alabama

City of Decatur
Decatur, Alabama

Dear Sirs:

We offer to purchase your \$10,645,000 Water Revenue Warrants, Series 2013, dated April 23, 2013 (the "Series 2013 Warrants") described in the Invitation for Bids as follows:

(1) We offer to purchase the Series 2013 Warrants on a basis that will produce a True Interest Cost to you (determined as provided in said Invitation for Bids) for the Series 2013 Warrants equal to _____%.

(2) If we are the successful bidders, we will pay you, for the Series 2013 Warrants, an amount equal to _____% of the face or principal amount thereof (being a dollar amount aggregating \$ _____), plus accrued interest on the Series 2013 Warrants from their date to the date of their delivery to us.

(3) We have, at our option, designated the following "Series 2013 Term Warrants," in accordance with the provisions of the aforesaid Invitation for Bids:

(a) Those of the Series 2013 Warrants having stated maturities in _____ to _____, inclusive, shall have a stated maturity in _____.

(b) Those of the Series 2013 Warrants having stated maturities in _____ to _____, inclusive, shall have a stated maturity in _____.

(c) Those of the Series 2013 Warrants having stated maturities in _____ to _____, inclusive, shall have a stated maturity in _____.

(d) Those of the Series 2013 Warrants having stated maturities in _____ to _____, inclusive, shall have a stated maturity in _____.

(e) Those of the Series 2013 Warrants having stated maturities in _____ to _____, inclusive, shall have a stated maturity in _____.

All the aforesaid Series 2013 Term Warrants shall be subject to mandatory redemption, in the years and amounts shown in the maturity schedule set out in Paragraph (4) below, at the redemption price described in the aforesaid Invitation for Bids.

(4) The Series 2013 Warrants shall bear interest from their date until their respective maturities at the following fixed annual rates, first payable on November 1, 2013, and semiannually thereafter on May 1 and November 1 of each year until and at their respective maturities [subject, however, to such modifications, if any, as we have designated in the preceding Paragraph (3) hereof]:

<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2020	\$640,000	_____%	2027	\$760,000	_____%
2021	655,000	_____	2028	780,000	_____
2022	670,000	_____	2029	805,000	_____
2023	685,000	_____	2030	830,000	_____
2024	700,000	_____	2031	860,000	_____
2025	720,000	_____	2032	885,000	_____
2026	740,000	_____	2033	915,000	_____

Pursuant to the provisions of the said Invitation for Bids, if we are the successful bidder we shall make a good faith deposit with the City in the amount of \$106,450, as provided in such Invitation for Bids.

This bid is made subject to all the provisions of the aforesaid Invitation for Bids, and the terms thereof are expressly made a part of this bid. **We particularly understand and acknowledge that, if we are the successful bidders, and if there is a variance between (i) the true interest cost for the Series 2013 Warrants (as stated above in this bid), and (ii) the true interest cost for the Series 2013 Warrants that is actually produced by the interest rates and the purchase price named above in this bid, then (1) the true interest cost stated above in this bid will control, and (2) we will be required to adjust the interest rates or the purchase price, or both, named above in this bid, within the limitations provided in the aforesaid Invitation for Bids, so that they will produce the true interest cost stated above in this bid.**

**INTEREST COST COMPUTATION
(INFORMATIONAL ONLY)**

Total interest to maturity.....	\$ _____
Less total premium bid, if any	\$ _____
Plus discount, if any	\$ _____
Total interest cost	\$ _____

Respectfully submitted

_____*

** THE PERSON SIGNING THIS BID SHALL BE DEEMED TO HAVE SIGNED ON BEHALF OF THE ACCOUNT MANAGER AND THE OTHER FIRMS LISTED BELOW AND NOT INDIVIDUALLY.*

ACCEPTED THIS THE 9th DAY OF APRIL, 2013

CITY OF DECATUR

Mayor