

**NOTICE OF SALE AND BID FORM**

**\$15,000,000**

**CITY OF CHARLESTON, SOUTH CAROLINA**

**GENERAL OBLIGATION BONDS OF 2018**

**SEALED PROPOSALS WILL BE RECEIVED UNTIL**

**12:00 NOON, SOUTH CAROLINA TIME**

**Thursday, November 15, 2018**

\$15,000,000  
GENERAL OBLIGATION BONDS OF 2018  
OF THE CITY OF CHARLESTON, SOUTH CAROLINA

SEALED PROPOSALS, addressed to the undersigned, will be received by the City of Charleston, South Carolina (the "City"), until 12:00 Noon (local time)

Thursday, November 15, 2018

at which time said proposals will be publicly opened in the Office of the Chief Financial Officer, 116 Meeting Street, Charleston, South Carolina, for the purchase of \$15,000,000 of GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF CHARLESTON, SOUTH CAROLINA (the "Bonds").

Proposals may be delivered by hand, by mail, by facsimile or by electronic bidding system, but no proposal shall be considered which is not actually received by the City at the place, date and time appointed and the City shall not be responsible for any delay, failure, misdirection or error in the means of transmission selected by any bidder. Fax bids shall be sent to (843) 720-2266. Written bids must be submitted on the Official Bid Form supplied with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids must be submitted to the Parity Electronic Bid Submission System ("PARITY"). No other form of electronic bid or provider of electronic bidding services will be accepted. Both written bids and electronic bids must be unconditional and must be received by the City and/or PARITY, respectively, before the time stated above. Such bids are to be publicly opened and read at such time and place on such day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time with respect to all bids submitted.

If any provisions of this Official Notice of Sale conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY may be obtained from PARITY, 1359 Broadway, New York, NY 10018, telephone (212) 849-5021.

The Bonds will be issued initially under the DTC Book-Entry Only System registered in the name of CEDE & Co., as the registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will bear interest from the date of delivery, at a rate or rates to be named by the bidder, payable on June 1 and December 1 of each year (the "Bond Payment Dates") commencing June 1, 2019. The Bonds will be dated as of the date of delivery, and will mature on December 1 in the years and amounts as follows:

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>
2021	\$ 500,000	2027	\$1,200,000
2022	600,000	2028	1,300,000
2023	700,000	2029	1,750,000
2024	800,000	2030	2,000,000
2025	900,000	2031	2,000,000
2026	1,000,000	2032	2,250,000

Bidders may combine two or more consecutive maturities of Bonds to create term maturities, each of which will be subject to annual mandatory sinking fund redemption at par plus accrued interest to the redemption date (to the extent not previously redeemed) in the principal amounts for the years shown above on December 1 of each year. To the extent Bonds subject to mandatory sinking fund redemption in a given year have been purchased by the City or redeemed by the City pursuant to the optional redemption provisions set forth herein, the amount of mandatory sinking fund redemption in such year shall be reduced in such manner as the City shall direct, or, absent such direction, on a pro rata basis.

The Bonds maturing subsequent to December 1, 2026, shall be subject to redemption, at the option of the City, on and after December 1, 2026, in whole or in part at any time at par plus accrued interest to the date fixed for redemption.

Both principal and interest will be payable in any coin or currency of the United States of America, which at the time of payment, is legal tender for the payment of public and private debts at the Corporate Trust Office of the Paying Agent.

*Award of Bonds:* Bids will be accepted or rejected by 2:00 P.M. (local time) on the day of the sale. No proposal for the purchase of less than all of the Bonds, or, at a price less than par and accrued interest to the date of delivery, will be considered. Bidders are invited to name the rate or rates of interest which the Bonds are to bear, and unless all bids are rejected, they will be awarded to the bidder offering to purchase them at the lowest net interest cost to the City at a price of not less than par. Bidders may name any number of rates of interest, in any variations selected by the bidder except that:

- (a) all Bonds of the same maturity shall bear the same rate of interest;
- (b) no rate of interest named shall be more than 2% higher than the lowest rate of interest named;
- (c) each interest rate named shall be a multiple of 1/100 or 1/8th of 1%; and
- (d) any premium offered must be paid in cash as a part of the purchase price.

For the purpose of determining lowest net interest cost, the aggregate of interest on all Bonds from the dated date of the Bonds, until their respective maturities, less any sum named by way of premium, shall be determined on each bid and the smallest amount to be paid by the City shall reflect lowest net interest cost.

The City reserves the right to reject any and all bids or to waive irregularities in any bid. In the event of more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by lot or by such other method as those submitting such tie bids and the City shall agree upon.

Each bid shall be enclosed in a sealed envelope and marked "PROPOSAL FOR \$15,000,000 GENERAL OBLIGATION BONDS OF 2018 OF THE CITY OF CHARLESTON, SOUTH CAROLINA" and be directed to the undersigned.

*Security:* The Bonds will be general obligation Bonds of the City, payable both as to principal and interest from ad valorem taxes imposed upon all taxable property within the City, without limit as to rate or amount.

*Legal Opinion:* Purchasers will be furnished with the printed Bonds and an opinion on their validity by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, a copy of which will be printed on the back of each bond, and with the usual closing proofs, which will include (a) a certificate that there is no litigation threatened or pending to restrain the issuance or sale of said Bonds, and (b) certifications by appropriate officials to the effect that the Official Statement, as of its date and as of the date of delivery of the Bonds does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading.

*Official Statement:* The preliminary official statement of the City, distributed in connection with the sale of the Bonds (the Preliminary Official Statement), has been deemed final by the City for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), but is subject to revision, amendment and completion in a final official statement (the Final Official Statement) as provided in the Rule.

The City will provide the successful bidder, within seven business days after the acceptance of the proposal or by such earlier date as may be specified by such bidder in order to accompany such bidder's confirmations requesting payment for the Bonds, such reasonable numbers of printed copies of the Final Official Statement as such bidder may request. The Preliminary Official Statement is available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). The City will furnish the successful bidder with a sufficient number of copies of the final Official Statement in order to allow the bidder to comply with the Rule, without charge, within seven working days of the acceptance of a bid for the Bonds.

**Certificates as to Issue Price and Yield:** (a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "**competitive sale requirements**") because:

- (1) the City shall disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive 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 anticipates awarding 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 Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the City does not receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of the Bonds (the "**10% test**") is sold to the Public as the issue price of the Bonds and/or (ii) the initial offering price to the Public as of the sale date of the Bonds as the issue price (the "**hold-the-offering-price rule**"). The winning bidder shall advise the City if the Bonds satisfy the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, whether the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to the Bonds. Bidders should prepare their bids on the assumption that the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to the Bonds, the winning bidder agrees promptly to report to the City the price at which the unsold Bonds 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 the Bonds or until all Bonds have been sold to the Public.

(d) By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of the award at the offering price (the "**initial offering price**"), or at the corresponding yield, set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the sale date and ending on the earlier of the following:

- (1) The close of the fifth (5th) business day after the sale date; or
- (2) The date on which the Underwriters have sold at least 10% of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the City when the Underwriters have sold 10% of the Bonds to the Public at prices that are no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The City acknowledges that, in making the representation set for the above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds or all Bonds have been sold to the Public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (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 that is a party to a retail 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 retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds or all Bonds have been sold to the Public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) "Public" means any person other than an Underwriter or a related party,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) 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),
- (iii) 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) at least 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

(iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

*CUSIP Numbers:* It is anticipated that CUSIP identification numbers will be printed on said Bonds, but neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said Bonds in accordance with terms of this Notice of Sale. The cost of obtaining such CUSIP identification numbers shall be borne by the purchaser of the Bonds.

*Continuing Disclosure:* In order to assist bidders in complying with the provisions of Rule 15c2-12 of the Rule, the City will undertake, pursuant to the Ordinance and a Disclosure Dissemination Agent Agreement for the benefit of the beneficial owners of the Bonds, with Digital Assurance Certification, L.L.C. ("**DAC**") under which the City has designated DAC as Disclosure Dissemination Agent, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Persons seeking additional copies of the Preliminary Official Statement, this Official Notice of Sale or further fiscal information relative to the City should communicate with Amy K. Wharton, Chief Financial Officer, City of Charleston, 116 Meeting Street, Charleston, South Carolina 29401, (843) 579-7596 or Charlton deSaussure, Jr., Haynsworth Sinkler Boyd, P.A., P.O. Box 340, Charleston, South Carolina 29402, (843) 720-4420.

*This Notice is given to evidence the City's intent to receive bids for and award the Bonds on the date stated above. Such sale may be postponed prior to the time bids are to be received through an electronic information service. If canceled, the sale may be thereafter rescheduled within 60 days of the date of the publication of this Official Notice of Sale, and notice of such rescheduled date of sale will be posted at least 48 hours prior to the time for receipt of bids through [i-dealprospectus.com](http://i-dealprospectus.com) or other electronic information service.*

*Delivery:* The Bonds will be delivered to the purchasers at the offices of DTC in New York, New York, on or about December 3, 2018, against payment in federal or other immediately available funds.

Each bid shall be conditioned in accordance with this Notice of Sale.

Amy K. Wharton  
Chief Financial Officer  
City of Charleston, South Carolina

November 6, 2018

FORM OF CERTIFICATE AS TO ISSUE PRICE

Re: \$\_\_\_\_\_ General Obligation Bonds of 2018 of the City of Charleston, South Carolina

The undersigned, on behalf of \_\_\_\_\_, hereby certifies as set forth below with respect to the sale of the \$\_\_\_\_\_ General Obligation Bonds of 2018 (the "**Bonds**") of the City of Charleston, South Carolina (the "**City**").

[ALTERNATIVE 1 - IF THREE QUALIFYING BIDS ARE RECEIVED:

**Reasonably Expected Initial Offering Prices.** As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the "**Expected Offering Prices**"). The Expected Offering Prices are the prices for the Bonds used by \_\_\_\_\_ in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Bonds.

\_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the Bonds.]

[ALTERNATIVE 2 - IF THREE QUALIFYING BIDS ARE NOT RECEIVED AND 10% OF BONDS ARE SOLD:

**Sale of the Bonds.** As of the date of this certificate, the first price at which at least 10% of the Bonds was sold to the Public is the respective price listed in Schedule A.]

[ALTERNATIVE 3 – IF THREE QUALIFYING BIDS ARE NOT RECEIVED AND 10% OF BONDS ARE NOT SOLD:

**Initial Offering Price of the Bonds.** \_\_\_\_\_ offered the Bonds to the Public for purchase at the initial offering price of \$\_\_\_\_\_ (the "**Initial Offering Price**") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

As set forth in the Official Notice of Sale and bid award, \_\_\_\_\_ has agreed in writing that (i) it would neither offer nor sell any of the Bonds to any person at a price that is higher than the Initial Offering Price during the Holding Period (the "**hold-the-offering-price rule**"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold the Bonds at a price that is higher than the respective Initial Offering Price for the Bonds during the Holding Period.]

**Defined Terms.**

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is November 15, 2018.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of

this paragraph 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).

[Use with Alternative 3

"Holding Period" means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 15, 2018), or (ii) the date on which \_\_\_\_\_ has sold at least 10% of the Bonds to the Public at prices that are no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents \_\_\_\_\_'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[NAME OF PURCHASER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: December \_\_, 2018



**PROPOSAL FOR THE PURCHASE OF  
\$15,000,000  
GENERAL OBLIGATION BONDS OF 2018  
OF THE CITY OF CHARLESTON, SOUTH CAROLINA**

November 15, 2018

Amy K. Wharton  
Chief Financial Officer  
116 Meeting Street  
Charleston, SC 29401

Telephone – Haynsworth Sinkler Boyd, P.A.  
(843) 720-4426  
**Telecopy (Haynsworth Sinkler Boyd, P.A.)**  
**(843) 720-2266**

Dear Ms. Wharton:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale, which are hereby made a part of this proposal, we offer to pay \$\_\_\_\_\_ for \$15,000,000 General Obligation Bonds of 2018 (the "**Bonds**") of the City of Charleston, South Carolina (the "**City**"), dated as of the date of closing, said bonds to mature as set forth, and to bear interest, payable on June 1 and December 1 of each year, beginning June 1, 2019, at the rates set forth below.

<u>Maturity Date</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2021	\$ 500,000	_____%	2027	\$1,200,000	_____%
2022	600,000	_____	2028	1,300,000	_____
2023	700,000	_____	2029	1,750,000	_____
2024	800,000	_____	2030	2,000,000	_____
2025	900,000	_____	2031	2,000,000	_____
2026	1,000,000	_____	2032	2,250,000	_____

Bidders may combine two or more consecutive maturities of Bonds to create term maturities, each of which will be subject to annual mandatory sinking fund redemption at par plus accrued interest to the redemption date (to the extent not previously redeemed) in the principal amounts for the years shown above on December 1 of each year. To the extent Bonds subject to mandatory sinking fund redemption in a given year have been purchased by the City or redeemed by the City pursuant to the optional redemption provisions set forth herein, the amount of mandatory sinking fund redemption in such year shall be reduced in such manner as the City shall direct, or, absent such direction, on a pro rata basis.

Very truly yours,

For your information only, we have calculated the interest cost and average rate of interest of this proposal as follows:

Aggregate of Interest...\$ \_\_\_\_\_  
Less Premium.....\$ \_\_\_\_\_  
Total Interest Dollars..\$ \_\_\_\_\_  
Net Interest Cost..... \_\_\_\_\_%

\_\_\_\_\_  
(Name of Bidder)  
Submitted by: \_\_\_\_\_  
(Title)  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
(Telephone)