

NOTICE OF SALE

CITY OF ELIZABETH, IN THE COUNTY OF UNION, NEW JERSEY

\$6,000,000 BOND ANTICIPATION NOTES, SERIES 2019

The City of Elizabeth, in the County of Union, New Jersey (the "City"), is soliciting proposals for the purchase of \$6,000,000 aggregate principal amount of Bond Anticipation Notes, Series 2019, consisting of \$1,000,000 in General Improvement Bond Anticipation Notes and \$5,000,000 in Sewer Utility Bond Anticipation Notes (collectively, the "Notes"). Bids must be submitted to the undersigned Chief Financial Officer of the City on **Thursday, March 21, 2019** (the "Bid Date"), **by 11:00 a.m.**, either by facsimile at 908/282-9711 or electronically via the Parity Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below. At that time, the proposals will be publicly opened and announced. A determination as to the award will be made no later than 1:00 p.m. on such Bid Date.

Bids submitted by telecopy or electronically are the sole responsibility of the bidder and must be received by the City by 11:00 a.m. The City accepts no responsibility for the failure of any telecopied or electronically submitted bids to be received on time for whatever reason.

The Notes will be issued in the aggregate principal amount of \$6,000,000. The Notes will be non-callable general obligations of the City payable ultimately from *ad valorem* taxes levied upon all taxable property within the City to the extent that payment is not otherwise provided. The Notes will be dated their date of delivery (anticipated to be April 4, 2019), and will mature on April 3, 2020. The Notes will bear interest (payable at maturity and calculated on the basis of a 30-day month, 360-day year) at the rate specified by the successful bidder. The Notes will be accompanied by an approving legal opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, Bond Counsel for the City.

The Notes will **not** be designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

Except as provided herein under the caption "Procedures Regarding Electronic Bidding," proposals must be on the official form entitled "Proposal for Notes" which may be obtained from the City at 50 Winfield Scott Plaza, Elizabeth, New Jersey 07201-2462 or from the City's Financial Advisor, Powell Capital Markets, Inc., at 973/740-1230. All bids which are submitted electronically via PARITY pursuant to the procedures described below shall be deemed to constitute a "Proposal for Notes" and shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale. The submission of a bid electronically via PARITY shall constitute and be deemed the bidder's signature on the Proposal for Notes.

Each bid must be for the entire amount of the Notes and must be for an amount not less than \$6,000,000. The bid must specify the rate of interest offered for such Notes. The Notes will be awarded on the basis of the lowest net interest cost to the City, and if two or more such bidders offer to pay the same lowest net interest cost, then the Notes will be sold to one of such bidders selected

by lot from among all such bidders. The right is reserved to reject all bids and to reject any bid not complying with the terms of this notice.

PROCEDURES REGARDING ELECTRONIC BIDDING. Bids may be submitted electronically via PARITY in accordance with this notice, until 11:00 a.m., New Jersey time, on the Bid Date. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at i-Deal at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Notes is submitted via PARITY, the bidder further agrees that:

1. The City may regard the electronic transmission of the bid through PARITY (including information about the interest rate for the Notes, the price bid for the Notes and any other information included in such transmission) as though the same information were submitted on the “Proposal for Notes” provided by the City and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the City, the terms of the “Proposal for Notes” and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the Successful Bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the City, and the City shall have no liability whatsoever based on any bidder’s use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the City or information provided by the bidder.

3. The City may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m., New Jersey time, on the last business date prior to the Bid Date.

4. Once the bids are communicated electronically via PARITY to the City as described above, each bid will constitute a Proposal for Notes and shall be deemed to be an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale. For purposes of submitting all Proposals for Notes, whether by facsimile or electronically via PARITY, the time as maintained on PARITY shall constitute the official time.

5. Each Bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor i-Deal shall have any duty or obligation to provide or assure access to any bidder, and neither the City nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The City is using PARITY as a communication mechanism, and not as the City’s agent, to conduct the electronic bidding for the Notes. By using PARITY, each bidder agrees to hold the City harmless from any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Notes.

Unless the bidder elects to receive a single note for each series of the Notes registered to the bidder and to not reoffer the Notes, the bidder must be a participant of The Depository Trust Company, New York, New York (“DTC”) or affiliated with its participants. The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes of each series and will be payable as to both principal and interest in lawful money of the United States of America. Unless the bidder elects to receive a single note for each series of the Notes registered to the bidder, and to not reoffer the Notes, the certificates will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository, and the certificates will be deposited with DTC which will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchases. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book entries made on the books and records of DTC and its participants.

In the event (a) DTC determines not to continue to act as Securities Depository for the Notes or (b) the City determines that continuation of the book-entry system of evidence and transfer of ownership of the Notes would adversely affect the interests of the beneficial owners of the Notes, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will deliver replacement notes in the form of fully registered certificates.

Delivery will be on April 4, 2019, or such other date agreed to by the City and the successful bidder. Payment shall be in immediately available funds.

A Preliminary Official Statement dated March 14, 2019, has been prepared, and is deemed to be a “final Official Statement”, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, but is subject to (a) completion with certain pricing and other information to be made available by the successful bidder, and (b) amendment. The Preliminary Official Statement, as so revised, will constitute the final Official Statement.

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the City will undertake pursuant to a Continuing Disclosure Certificate to provide notices of the occurrence 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.

No later than seven business days following the award of the Notes, the City will provide the successful bidder with a reasonable number of copies of the final Official Statement, provided that all information necessary to complete the final Official Statement is supplied to the City within twenty-four (24) hours after the award of the Notes.

At the request of the successful bidder, a CUSIP identification number will be printed on the Notes, but neither the failure to print such number on any Note 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 the Notes in accordance with the terms of this Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the City; provided, however, that the

CUSIP Service Bureau charge for the assignment of said number shall be the responsibility of and shall be paid for by the purchaser.

As a condition to delivery of the Notes, the successful bidder will be required to execute a certification adequate to enable the Borough to determine the "issue price" of the Notes. If the Notes are being purchased for reoffering to the public, the "issue price" for the Notes shall be established in accordance with the provisions of Exhibit A attached hereto and hereby incorporated herein. The Borough will not require the successful bidder to comply with the "hold-the-offering-price rule".

In addition, the successful bidder will be required to furnish on behalf of the underwriter(s) of the Notes the following information by facsimile transmission or overnight delivery received within twenty-four (24) hours after the award of the Notes: (a) the initial public offering prices or yields (expressed as percentages), (b) selling compensation (aggregate total anticipated compensation to the underwriter(s) expressed in dollars), (c) the identity of the underwriters of the Notes if the successful bidder is part of a group or syndicate, and (d) any other information necessary to complete the final Official Statement but not known to the City (such as the bidder's purchase of credit enhancement on the Notes).

A Preliminary Official Statement may be obtained at www.i-dealprospectus.com or from the City's Financial Advisor, Powell Capital Markets, Inc., at 973/740-1230.

Very truly yours,

/s/ Anthony M. Zengaro

Anthony M. Zengaro, Chief Financial

Officer

Dated: March 14, 2019

PROPOSAL FOR NOTES

March 21, 2019

Anthony M. Zengaro
Chief Financial Officer
City of Elizabeth
50 Winfield Scott Plaza
Elizabeth, New Jersey 07201-2462

Dear Mr. Zengaro:

Subject to the provisions of the “Notice of Sale of \$6,000,000 Bond Anticipation Notes, Series 2019”, which is attached hereto and considered a part hereof, we offer to purchase the Notes on the following terms:

Purchase Price: \$ _____ (not less than \$6,000,000)

Interest Rate: _____%

By: _____

Title: _____

Representing: _____

Phone No: _____

Email Address: _____

PLEASE COMPLETE THE FOLLOWING:

Interest Payable on Notes \$ _____

Less: Premium, if any \$ _____

Net Interest Payable \$ _____

Net Interest rate _____%

THIS PORTION OF THE PROPOSAL IS NOT PART OF THE BID

EXHIBIT A

Establishment of Issue Price

10% Test to Apply if Competitive Sale Requirements are Not Satisfied

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the Issuer 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 Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City’s Bond Counsel identified herein and any notice or report to be provided to the City may be provided to the City’s 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 Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:

- (1) the City shall disseminate this 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 Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

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

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. The winning bidder shall advise the City if the Notes satisfy the 10% test as of the date and time of the award of the Notes. The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of the Notes as the issue price of the Notes in the event that the competitive sale requirements are not satisfied. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Notes will be subject to the 10% test in order to establish the issue price of the Notes.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to the Notes, the winning bidder agrees to promptly report to the City the prices at which the unsold Notes have been sold to the public. That reporting obligation shall continue, whether or not the Closing date has occurred, until either (i) all the Notes have been sold or (ii) the 10% test has been satisfied as to the Notes, provided that, the winning bidder's reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(e) By submitting a bid, each bidder confirms that:

(1) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) to report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing date has occurred, until either all the Notes allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder,

(B) to promptly notify the winning bidder of any sales of the Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(2) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing date has occurred, until either all the Notes allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation

after the Closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter.

(f) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “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 Notes 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 Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (3) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) 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 (C) 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
- (4) “sale date” means the date that the Notes are awarded by the City to the winning bidder.

EXHIBIT A-1

Form of Issue Price Certificate

April 4, 2019

City of Elizabeth
in the County of Union, New Jersey

DeCotiis, FitzPatrick, Cole & Giblin, LLP
Teaneck, New Jersey

Re: City of Elizabeth, in the County of Union, New Jersey,
\$6,000,000 Bond Anticipation Notes

Gentlemen:

The undersigned, _____, as the purchaser (the "Purchaser") from the City of Elizabeth, in the County of Union, New Jersey (the "Issuer"), of the Issuer's \$6,000,000 Bond Anticipation Notes, sold on March 21, 2019 [(the "Sale Date")], dated and issued on the date hereof and maturing on April 3, 2020 (the "Notes"), hereby certifies as follows:

- [1. [Alternate 1:] **No Reoffer of Notes.** On the date of this certificate, the Purchaser is purchasing the Notes for the amount of \$[AMOUNT]. The Purchaser is not acting as an Underwriter with respect to the Notes. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Notes (or any portion of the Notes or any interest in the Notes). The Purchaser has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Notes and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Notes to persons other than the Purchaser.]
- [1. [Alternate 2: **Bids Received From at Least 3 Underwriters.**] **Offering Price.**
- (a) As of the Sale Date, the Purchaser reasonably expected to offer the Notes to the Public for purchase at an offering price of ____ . ____% to yield ____% (the "Offering Price"). The Purchaser's bid to purchase the Notes was based on the Offering Price. Based on the Offering Price, the aggregate offering price of the Notes to the Public is \$ _____ (face amount of \$6,000,000, plus original issue premium of \$ _____).
- (b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Purchaser constituted a firm offer to purchase the Notes.]
- [1. [Alternate 3: **Competitive Sale Requirements not satisfied - Actual sale of at least 10% of Notes by closing.**] **Offering Price.** As of the date of this certificate, the first price at which at least 10% of the Notes were sold to the Public was ____ . ____% to yield ____% (the "Offering Price"). Based on the Offering Price, the aggregate offering price of the Notes to the public is \$ _____ (face amount of \$6,000,000, plus original issue premium of \$ _____)]

2. **Defined Terms.**

(a) *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.

(b) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes 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 Notes to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’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 Purchaser understands that the foregoing information will be relied upon by the Issuer with respect to compliance with the federal income tax rules affecting the Notes, and by bond counsel in connection with rendering its opinion that the interest on the Notes 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 Issuer from time to time relating to the Notes.

Very truly yours,

By: _____

Name: _____

Title _____