

OFFICIAL NOTICE OF SALE

\$20,000,000*

WALNUT CREEK SCHOOL DISTRICT

(Contra Costa County, California)

General Obligation Bonds, Election of 2016, Series B (2019)

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of \$20,000,000* aggregate principal amount of Walnut Creek School District (Contra Costa County, California) General Obligation Bonds, Election of 2016, Series B (2019) (the “Bonds”), will be received by the Walnut Creek School District (the “District”) at the time and in the form below specified:

DATE AND TIME: *TUESDAY, MAY 21, 2019, until 9:30 A.M. (Pacific Daylight time).*

SUBMISSION OF BIDS: Bids may be submitted (for receipt not later than the time set forth above) *electronically only* through the I-Deal LLC BiDCOMP/PARITY® system (“PARITY®”). See “FORM OF BID” herein.

ISSUE; BOOK ENTRY: \$20,000,000* consisting of fully registered bonds. The Bonds will be dated as of their date of delivery, expected to be June 5, 2019, and will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company (“DTC”), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

MATURITIES: The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

| <u>Maturity Date (September 1)</u> | <u>Principal Amount*</u> | <u>Maturity Date (September 1)</u> | <u>Principal Amount*</u> |
|--|------------------------------|--|------------------------------|
| 2020 | \$720,000 | 2033 | \$ 715,000 |
| 2021 | 750,000 | 2034 | 780,000 |
| 2022 | 780,000 | 2035 | 850,000 |
| 2023 | 155,000 | 2036 | 925,000 |
| 2024 | 195,000 | 2037 | 1,000,000 |
| 2025 | 230,000 | 2038 | 1,085,000 |
| 2026 | 270,000 | 2039 | 1,170,000 |
| 2027 | 385,000 | 2040 | 1,260,000 |
| 2028 | 435,000 | 2041 | 1,355,000 |
| 2029 | 485,000 | 2042 | 1,455,000 |
| 2030 | 535,000 | 2043 | 1,555,000 |
| 2031 | 595,000 | 2044 | 1,665,000 |
| 2032 | 650,000 | | |

*Preliminary, subject to change.

INTEREST: The Bonds shall bear interest, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 6% per annum, payable semiannually on each March 1 and September 1, commencing September 1, 2019.

PAYMENT: Principal of the Bonds will be payable upon surrender to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent”). Interest on the Bonds will be payable by check or draft mailed by first class mail to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose.

REGISTRATION: The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of The Depository Trust Company (“DTC”), and the ownership of the Bonds will be registered to the nominee of DTC.

OPTIONAL REDEMPTION: The Bonds maturing on and prior to September 1, 2027, are not callable for redemption prior to their stated maturity date. The Bonds maturing on and after September 1, 2028, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after September 1, 2027 (in such order as shall be selected by the District and by lot with a maturity), from any source lawfully available therefor, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption without premium.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on September 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading “MATURITIES,” at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

PURPOSE: A duly called special municipal election was held in the District on June 7, 2016, and thereafter canvassed pursuant to law. At such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District to address critical renovation, modernization and safety needs at District schools, upgrade classrooms, libraries and computer networks to provide students with 21st Century classrooms, improve energy efficiency of classrooms and buildings, and replace, acquire, construct and renovate school facilities (the “Project”), in the maximum aggregate principal amount of \$60,000,000 (the “Authorization”) payable from the levy of an *ad valorem* tax against the taxable property in the District. In 2016, the District issued its \$20,000,000 Walnut Creek School District (Contra Costa County, California) General Obligation Bonds, Election of 2016, Series A (2016), under the Authorization. The Bonds represent the second issue under the Authorization and are being issued for the purpose of raising moneys for the Project and other authorized costs.

SECURITY: The Bonds are general obligations of the District. The Contra Costa County Board of Supervisors has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property).

RATING: S&P Global Ratings, a Standard & Poor's Financial Services LLC business, has assigned the rating of "AA" to the Bonds. **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.**

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 6% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%). No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date.

FORM OF BID; MINIMUM PURCHASE PRICE: No bid shall be for less than 101% of the aggregate principal amount of the Bonds. No bid shall generate more bid premium than an amount equal to the interest due on the Bonds in the first three years.

To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP/PARITY®, bidders may contact Isom Advisors, A Division of Urban Futures Incorporated (the "Municipal Advisor") at (925) 478-7450 or BiDCOMP/PARITY® at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR, OR QUINT & THIMMIG LLP ("BOND COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP/PARITY® AND THAT BiDCOMP/PARITY® IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP/PARITY® AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BiDCOMP/PARITY®. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP/PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER THE DISTRICT, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AND THE DISTRICT SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP/PARITY® AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the District. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed

to be June 5, 2019) and will be based on the proposed bid amount (par value plus any premium). For the purpose of making such determination, it shall be assumed that any Bond designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in his bid the percentage true interest cost to the District, which shall be considered as informative only and shall not be binding on either the bidder or the District. The determination of the best bid by the District's municipal advisor shall be binding and conclusive on all bidders.

RIGHT OF CANCELLATION OF SALE BY DISTRICT: The District reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The District reserves the right, in its sole discretion, to modify or amend this official Notice of Sale including, but not limited to, the right to adjust and change the principal amount and principal amortization schedule of the Bonds being offered, at any time prior to the date and time for the receipt of bids, communicated through PARITY®.

RIGHT OF POSTPONEMENT BY DISTRICT: The District reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through PARITY® prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through PARITY® at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through PARITY® at the time the sale date and time are announced.

RIGHT OF REJECTION: The District reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 9:30 A.M. (Pacific Daylight time) on the date set for receipt of bids.

PROMPT AWARD: Pursuant to authority granted by the Board of Trustees of the District (the "Board"), the Superintendent, or the Superintendent's designee, will take action awarding the Bonds or rejecting all bids not later than the close of business on the date for the receipt of bids; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal. Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that said Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within thirty (30) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

GOOD FAITH DEPOSIT: A good faith deposit (the "Deposit") in the form of a certified or cashier's check or a wire transfer, in the amount of \$100,000, payable to the order of the Paying Agent, must be remitted by the winning bidder within 48 hours after the acceptance of its bid. The Deposit shall be cashed by the Paying Agent on behalf of the District and shall then be applied toward the purchase

price of the Bonds. If after the award of the Bonds the successful bidder or bidders fail to complete their purchase on the terms stated in their bid, the Deposit will be retained by the District. No interest on the Deposit will accrue to any bidder.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the District furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to the District's compliance with certain covenants, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and interest on the Bonds is exempt from State of California personal income taxes. Other tax consequences to holders of the Bonds, if any, are not addressed in the opinion;

(b) A certificate of the District certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the District, signed by officers and representatives of the District, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the District evidencing the receipt of the purchase price of the Bonds;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the District, signed by an officer of the District, acting in his official capacity, to the effect that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder.

ESTABLISHMENT OF ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue

price” or similar certificate setting forth the reasonably expected initial offering price to the public of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor and any notice or report to be provided to the District may be provided to the Municipal Advisor.

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

The District may choose to apply either the “Competitive Bid” method or the “General Method” in determining the “Issue Price” of the Bonds. If the District does not receive bids from at least three underwriters who have established industry reputations for underwriting new issuances of municipal bonds, the District will use the “General Method” based on actual sale prices of at least 10% of each maturity of the Bonds.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The District has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to Isom Advisors, A Division of Urban Futures Incorporated, 1470 Maria Lane, Suite 315, Walnut Creek, CA 94596, telephone (925) 478-7450. The District will furnish to the successful bidder within seven business days following the date of award, at no charge, not in excess of 25 copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The District will deliver to the purchaser of the Bonds a certificate of an official of the District, dated the date of Bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the resolution authorizing issuance of the Bonds and a Continuing Disclosure Certificate, 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.

Dated: May 14, 2019

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

\$20,000,000
WALNUT CREEK SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2016, Series B (2019)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Prices.

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

(b) the Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "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.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 21, 2019.

(d) "underwriter" means (i) any person that agrees pursuant to a written contract with the Walnut Creek School District (the "District") (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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Bidder'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 District with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds,

and by Quint & Thimmig LLP in connection with rendering its opinion that the interest with respect to 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 District from time to time relating to the Bonds.

Dated: June 5, 2019

_____, *as Bidder*

By _____
Name _____
Title _____

SCHEDULE A TO ISSUE PRICE CERTIFICATE

20,000,000
WALNUT CREEK SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2016, Series B (2019)

REASONABLY EXPECTED INITIAL OFFERING PRICES

| <u>Maturity Date (August 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>Price</u> |
|-------------------------------------|-----------------------------|--------------------------|--------------|--------------|
| 2020 | | | | |
| 2021 | | | | |
| 2022 | | | | |
| 2023 | | | | |
| 2024 | | | | |
| 2025 | | | | |
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| 2045 | | | | |
| 2046 | | | | |
| 2047 | | | | |
| 2048 | | | | |

SCHEDULE B TO ISSUE PRICE CERTIFICATE

\$20,000,000

WALNUT CREEK SCHOOL DISTRICT

(Contra Costa County, California)

General Obligation Bonds, Election of 2016, Series B (2019)

UNDERWRITER'S BID