

## OFFICIAL NOTICE OF SALE

**\$47,385,000\***

### **NOVATO SANITARY DISTRICT, CALIFORNIA 2019 WASTEWATER REVENUE REFUNDING BONDS**

(Book-Entry-Only)

NOTICE IS HEREBY GIVEN that electronic bids will be received via **PARITY** for the purchase of the Novato Sanitary District 2019 Wastewater Revenue Refunding Bonds. Bids will be accepted in accordance with this Notice, as follows:

**Date of Bid:       Wednesday, July 24, 2019**

**Time of Bid:       Until 8:00 am California Time**

For further information about **PARITY**, bidders may contact i-Deal LLC at (212) 849-5021. For further information about the Bonds, bidders may contact the Municipal Advisor, Steven Gortler either by phone at **(415) 298-3319** or by email at [steven.gortler@att.net](mailto:steven.gortler@att.net).

The Preliminary Official Statement for the Bonds is available at [www.i-DealProspectus.com](http://www.i-DealProspectus.com). Each bidder must review the Preliminary Official Statement prior to bidding for the Bonds. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Bonds. Bidders must read the Preliminary Official Statement in its entirety to obtain information essential to making an informed investment decision.

#### **Issue**

The Bonds will be dated the date of delivery – **August 7, 2019**.

Interest on the Bonds is payable on February 1 and August 1, commencing **February 1, 2020**.

The Bonds are subject to optional redemption prior to maturity on or after **February 1, 2029**.

The Bonds will be awarded to the bidder whose bid produces **the lowest true interest cost**.

The Bonds will not be insured pursuant to any policy of municipal bond insurance.

---

\* Preliminary, subject to change.

## Principal Amounts\*

Bond principal shall be payable annually on **Feb. 1** commencing **Feb. 1, 2020**, as follows:

Maturity Due February 1	Principal Amount
2020	3,500,000
2021	3,095,000
2022	3,245,000
2023	3,410,000
2024	3,580,000
2025	3,760,000

Maturity Due February 1	Principal Amount
2026	3,945,000
2027	4,145,000
2028	4,350,000
2029	4,570,000
2030	4,800,000
2031	4,985,000

### Adjustment of Principal Amounts Not to Exceed 10%

Following the bid award, the District reserves the right to adjust the principal amount of each Bond maturity in \$5,000 increments. ***In no event shall such adjustment cause the principal amount of any Bond maturity to change by more than 10%.*** Such adjustment shall be made within two hours of the bid award. In the event of any such adjustment, no rebidding or recalculation of bids will be required or permitted, the winning bid may not be withdrawn, and the successful bidder will not be permitted to change its bid price or the interest rate(s) in its bid. The District shall not be responsible for the effect of any such adjustment on the compensation to the winning bidder but will use its best efforts to maintain a proportionate level of compensation to the winning bidder. Bidders are advised to consider such a possible change in principal amount when determining their production on each Bond maturity.

---

\* Preliminary, subject to change.

## Interest Rates

Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that

- (i) Each Bond shall bear interest at a fixed-rate, calculated on a 30/360 basis;
- (ii) each interest rate must be in a multiple of 1/20 of 1% or 1/8 of 1%;
- (iii) a zero rate of interest cannot be specified;
- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the interest rate specified in the bid;
- (v) all Bonds of the same maturity date shall bear the same rate of interest, with the exception of split coupons, which is allowed; and
- (vi) any premium must be paid as part of the purchase price, and no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the Bond or Bonds.

## Redemption\*

**Optional Redemption:** Bonds maturing on or after February 1, 2030 are subject to optional redemption, in whole or in part, on any date on or after February 1, 2029 at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

**Extraordinary Redemption from Net Proceeds of Insurance or Condemnation:** The Bonds are subject to extraordinary redemption in whole or in part on any date from Net Proceeds of insurance or condemnation proceeds at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption:** Bidders may specify a term bond subject to mandatory sinking fund redemption on February 1 in consecutive years immediately preceding the maturity thereof, provided that any such term bond may not have sinking fund payments prior to February 1, 2030. Term bonds shall be payable at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

**Notice of redemption shall be provided as set forth in the Preliminary Official Statement.**

---

\* Preliminary, subject to change.

### **Book-Entry Form Only**

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in denominations of \$5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which will remit such amounts to the beneficial owners of the Bonds through DTC’s Participants, as described in the Preliminary Official Statement.

### **Authority for Issuance; Purpose**

The District will issue the Bonds pursuant to an Indenture of Trust by and between The Bank of New York Mellon Trust Company, N.A., as trustee, and the District. Bond proceeds together with other available moneys will be used as follows:

- (i) To refund on a current basis, all outstanding principal of a Clean Water State Revolving Fund (CWSRF) loan which the District originated in 2008 and which is currently outstanding in the aggregate principal amount of \$55,511,638, and
- (ii) To pay costs of issuance.

### **Security for the Bonds; Parity Debt**

The Bonds are special obligations of the District, secured by and payable from Net Revenues of the Wastewater System on parity with the District’s 2017 Wastewater Revenue Refunding Bonds, as more fully described in the Preliminary Official Statement. Additional parity debt may be issued, as more fully described in the Preliminary Official Statement. The Bonds are not a debt, liability or obligation of the State or any of its political subdivisions other than the District.

### **CUSIP Numbers; Other Fees**

CUSIP numbers will be obtained and paid for by the purchaser of the Bonds. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds.

## **Legal Opinion; Tax-Exempt Status**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, CA, Bond Counsel to the District, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants of the District, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. In the event that prior to the issuance and delivery of the Bonds (a) the interest represented by other obligations of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse effect upon owners of the Bonds as such, the successful bidder for the Bonds may, at its option, prior to the issuance and delivery of the Bonds, be relieved of its obligation under the contract to purchase the Bonds, and in such case the deposit accompanying its proposal will be returned.

## **Initial Offering Prices**

As soon as the bid is awarded, the winning bidder shall provide initial offering prices for each maturity of the Bonds.

## **California Debt and Investment Advisory Commission (CDIAC)**

The winning bidder is required to pay any fees owing to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the winning bidder after closing.

## **No Litigation; Tax Certificate**

Prior to delivery of the Bonds, the District shall deliver a certificate stating that there is no action, suit, or proceeding known by the District to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Bonds, the Indenture or the proceedings of the District taken with respect to the execution or delivery thereof. The District shall also deliver a tax certificate attesting to its reasonable expectations and undertaking certain covenants concerning the Bonds and the use and investment of Bond proceeds.

## **Preliminary Official Statement and Final Official Statement**

The Preliminary Official Statement for the Bonds is available at [www.i-DealProspectus.com](http://www.i-DealProspectus.com). The Preliminary Official Statement, together with any supplements thereto, shall be “deemed final” by the District for purposes of SEC Rule 15c2-12(b)(1), but shall be subject to revision, amendment and completion in a final official statement. At closing, the District shall deliver a certificate to the effect that the facts contained in the Official Statement are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

Within seven business days after the award of the bid, the District shall provide the winning bidder with up to 25 hard copies of the final Official Statement at no charge. The winning bidder should promptly notify the District if additional hard copies are needed.

By submitting a bid for the Bonds, the winning bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the District, (2) to promptly file a copy of the final Official Statement, including any supplements, with the MSRB through its EMMA System, and (3) to take any and all other actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

## **Continuing Disclosure**

To assist bidders in complying with SEC Rule 15c2-12(b)(5), the District will provide Continuing Disclosure of certain annual financial information and notice of the occurrence of certain material events. A description of this undertaking and a form of the Continuing Disclosure Certificate is included in Appendix F of the Preliminary Official Statement.

## **S&P Rating: ‘AAA’**

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) has assigned a rating of ‘AAA’ to the Bonds, as shown on the cover of the Preliminary Official Statement. Such rating reflects only the views of S&P. An explanation of the significance of the rating may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2000. The District can provide no assurance the rating will continue for any given time period or that it will not be revised or withdrawn by S&P if, in its judgment, circumstances so warrant. Any revision or withdrawal of the rating may adversely affect the market price of the Bonds.

### **Basis of Award – Lowest True Interest Cost (TIC)**

The Bonds will be awarded to the bidder whose bid produces **the lowest true interest cost**. The true interest cost will be that rate which, when used to compute the present value of principal and interest to be paid on all Bonds from the date of delivery to their respective maturity dates, or mandatory sinking fund redemption dates, produces an amount equal to the purchase price, including any premium specified in such bid. The true interest cost shall be calculated by the use of a semi-annual interval of compounding interest based on the Interest Payment Dates for the Bonds. In the event of a tie the winning bid will be determined by the toss of a coin by the District among the bidders whose bids produced the tie.

### **Firm Offer; All or None Bid**

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer to purchase all, and not less than all, of the Bonds.

### **Form of Bid; Delivery and Payment**

All bids for the Bonds must be unconditional and for not less than all of the Bonds. Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted via **PARITY**. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. Delivery of the Bonds will be made to the winning bidder on or about August 7, 2019. Payment of the purchase price (less the Good Faith Deposit) must be made in immediately available funds.

### **Warning Regarding Electronic Bids**

THE DISTRICT WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH **PARITY** ON THE OFFICIAL BID FORM CREATED FOR THAT PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES THAT BY DOING SO IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT THE DISTRICT NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY, AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH 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 THE FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AT THE PLACE OF BID OPENING, AND THE DISTRICT SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY AS THE OFFICIAL TIME.

### **Estimated True Interest Cost**

Bidders are asked to provide a calculation of the true interest cost of the Bonds on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. The true interest cost specified in any bid will be that rate which, when used in computing the present value of all payments of principal and interest to be paid on all Bonds from the Closing Date to their respective maturity dates or mandatory sinking fund redemption dates, produces an amount equal to the purchase price (including any premium) specified in such bid.

### **Good Faith Deposit (\$100,000)**

The winning bidder is required to submit a Good Faith Deposit within 24-hours after acceptance of its bid. ***The Good Faith Deposit shall equal \$100,000.***

The Good Faith Deposit must be made in good funds by wire transfer to:

<b>Bank:</b>	The Bank of New York Mellon
<b>ABA:</b>	021000018
<b>Account:</b>	1130158400
<b>Acct. Name:</b>	Novato Sanitary Good Faith Dep 2019
<b>Attention:</b>	Gonzalo Urey (tel. 213.630.6237)

If the Good Faith Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the District.

No interest will be paid on the Good Faith Deposit. The proceeds of the Good Faith Deposit will be applied to the purchase price of the Bonds, or in the event of the failure of the winning bidder to pay for the Bonds in compliance with the terms of the bid, at the option of the District, its Good Faith Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the District.

### **Qualification for Sale; Blue Sky**

The Underwriter assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Underwriter offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale in any jurisdiction in which such sale or offer would be unlawful under the securities laws of the jurisdiction.

### **Underwriting Group**

The winning bidder will be required to submit a list of all syndicate members within 24 hours after receiving a verbal award.

### **Additional Information**

Copies of the Indenture, this Official Notice of Sale and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the Municipal Advisor.

### **Right to Modify or Amend**

The District reserves the right to modify or amend this Notice, including but not limited to the right to adjust and change the aggregate principal amount of the Bonds being offered. Notification of any such modifications or amendments shall be made not less than 24-hours prior to the time of bid opening, and shall be communicated through Thomson Municipal News and by telephone to any qualified bidder timely requesting such notice.

### **Right to Reject Bids, Waive Irregularities, Cancel, Postpone, or Reschedule Sale**

The District reserves the right, in its sole discretion, to reject any and all bids and, to the extent permitted by law, waive any irregularity or informality in any bid. The District reserves the right to cancel, postpone or reschedule the Bond sale upon notice given through the Bloomberg News Service, Thompson Municipal Market Monitor or The Bond Buyer at least 18 hours prior to the time bids are due. Telephone notice of any postponement will be given to any bidder requesting such notice from the Municipal Advisor.

## **Establishment of Issue Price**

To assist the District in establishing the issue price of the Bonds, the winning bidder shall execute and deliver to the District at closing an “issue price certificate” substantially in the form attached hereto as Exhibit A, setting forth the reasonably expected initial offering price of the Bonds to the Public, together with supporting pricing wires or equivalent communications, with such modifications as may be necessary or appropriate in the reasonable judgment of Bond Counsel and the District.

For the purpose of establishing the issue price of the Bonds, the District intends to apply the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) defining “competitive sale” because:

- (i) The District shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) All potential bidders shall have an equal opportunity to bid and no potential bidder shall be afforded an opportunity to review other bids before submitting a bid;
- (iii) The District shall have received bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- (iv) The District anticipates awarding 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 herein.

**If the “competitive sale” requirements are not satisfied, then the District shall reject all bids and cancel the sale.**

By submitting a bid, each bidder is certifying that (i) the bidder is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, (ii) its bid is a firm offer to purchase all of the Bonds as specified in its bid, and (iii) its bid was prepared based on the assumption that the issue price of the Bonds will be the Winning Bidder’s reasonably expected initial offering price to the public.

Dated: \_\_\_\_\_, 2019

**Novato Sanitary District**

By: \_\_\_\_\_  
General Manager – Chief Engineer/Secretary

EXHIBIT A

**\$47,385,000\***

**NOVATO SANITARY DISTRICT, CALIFORNIA  
2019 WASTEWATER REVENUE REFUNDING BONDS**

**FORM OF ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [FULL LEGAL NAME OF UNDERWRITER] (“Underwriter”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) by the Novato Sanitary District (the “Issuer”).

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter 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 Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter to purchase the Bonds.

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

(c) The bid submitted by Underwriter 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 [DATE].

(d) *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

---

\* Preliminary, subject to change.

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 Underwriter'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 Issuer with respect to certain of the representations set forth in the Certificates of Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation 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 Issuer from time to time relating to the Bonds.

**[FULL LEGAL NAME OF UNDERWRITER]**

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

—

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

—

Dated: **[ISSUE DATE]**

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*