

## OFFICIAL NOTICE OF TERMS OF SALE

**\$23,000,000\***

### **HERMOSA BEACH CITY SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2016 GENERAL OBLIGATION BONDS SERIES B**

NOTICE IS HEREBY GIVEN by the Board of Education of the Hermosa Beach City School District (the "District") that bids will be received as described herein for the purchase of \$23,000,000\* principal amount of bonds of the District designated the "Hermosa Beach City School District (Los Angeles County, California) Election of 2016 General Obligation Bonds, Series B" (the "Bonds"). Bids will be received in electronic form via PARITY® on:

**October 9, 2019**

at 9:30 a.m. Pacific Daylight Time; provided that the District reserves the right to postpone or change the sale date upon notice delivered via Thomson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), Bloomberg Financial Markets or The Bond Buyer not less than 24 hours before the time for receipt of bids. The Bonds will be issued under the provisions of a Resolution adopted by the Board of Education of the District on September 11, 2019 (the "Resolution") and pursuant to the laws of the State of California. The Bonds are more particularly described in the Resolution on file with the District (which is incorporated herein by reference) and copies thereof will be furnished to the bidder upon request.

#### **DESCRIPTION OF THE BONDS**

**PURPOSE:** The proceeds of the Bonds will be applied by the District for the purpose of financing the construction of school facilities and/or improvements to and the acquisition of furniture and equipment for various schools within the District and paying costs related thereto.

**ISSUE; BOOK-ENTRY FORM:** The Bonds will be dated as of their date of delivery and will be issued in denominations of \$5,000 or any integral multiple thereof. 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, New York, New York ("DTC"), will act as depository for the Bonds which will be immobilized in its custody or the custody of its designated agent. 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 August 1 in each of the years, and in the amounts, as set forth in the following table. The final principal amount of the Bonds, and the final amount of each maturity of the Bonds, is subject to increase or reduction as described below under the heading "TERMS OF SALE – Adjustment of Principal Maturities." *Each bidder must 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.* See "Sinking Fund Redemption" below.

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\* Preliminary, subject to change.

<i>Maturity Date (August 1)</i>	<i>Principal Amount*</i>
2020	\$ 820,000
2021	1,000,000
2022	--
2023	--
2024	--
2025	--
2026	--
2027	--
2028	--
2029	40,000
2030	85,000
2031	140,000
2032	195,000
2033	260,000
2034	325,000
2035	395,000
2036	470,000
2037	550,000
2038	630,000
2039	725,000
2040	825,000
2041	930,000
2042	1,035,000
2043	1,155,000
2044	1,280,000
2045	1,415,000
2046	2,405,000
2047	2,665,000
2048	2,770,000
2049	2,885,000

\* Subject to adjustment as described herein under "Adjustment of Principal Maturities".

**PAYMENT PROVISIONS:** Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020 (the "Interest Payment Dates"), to DTC by U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County, as the designated paying agent (the "Paying Agent"), for distribution by DTC to beneficial owners of the Bonds pursuant to DTC's procedures. Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof at the office of the Paying Agent at maturity or earlier redemption.

**OPTIONAL REDEMPTION:** The Bonds maturing on or before August 1, 2029 are not subject to redemption. The Bonds maturing on or after August 1, 2030 may be redeemed before maturity at the option of the District on any date on or after August 1, 2029 as a whole, or in part from such maturities as are selected by the District, at a redemption price equal to the principal amount of the Bonds selected for redemption, together with interest accrued thereon to the date of 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 August 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, and Bonds will be selected for redemption by lot within a maturity.

**SECURITY.** The Bonds are general obligation bonds of the District. The District has requested and the County of Los Angeles has agreed to levy *ad valorem* taxes without limitation as to rate or amount for the payment of the Bonds and the interest thereon.

**NO MUNICIPAL BOND INSURANCE.** No bid may include any provision requiring or providing for municipal bond insurance on the Bonds.

**TAX-EXEMPT STATUS:** Upon delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), will deliver an opinion (the “Approving Opinion”) substantially in the form attached as Appendix A to the Preliminary Official Statement dated October 2, 2019 relating to the Bonds to the effect that, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the opinion, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel will also provide an opinion to the effect that interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. If prior to the delivery of the Bonds either (a) the interest on other obligations of the same type and character as the Bonds 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 delivery of the Bonds, be relieved of its obligation to purchase the Bonds, and in such case the deposit accompanying its proposal will be returned.

**LEGAL OPINION AND DISCLOSURE LETTER:** A copy of the Approving Opinion, certified by the official in whose office the original is filed, will be delivered with each Bond at the expense of the District.

Stradling Yocca Carlson & Rauth, a Professional Corporation is also acting as disclosure counsel to the District and upon delivery of the Bonds will deliver a letter to the successful bidder of the Bonds to the effect that, subject to the qualifications stated therein, it does not believe that as of its date the Official Statement (as defined below) (exclusive of financial, statistical and certain other information therein) contained, or as of the delivery date contains, any untrue statement of a material fact or as of its date omitted, or as of the delivery date omits, to state a material fact necessary to make the statements therein not misleading.

**FURTHER INFORMATION:** Any bidder shall obtain and review a copy of the Preliminary Official Statement dated October 2, 2019 describing the Bonds before submitting a bid to purchase the Bonds and the submission of a bid will constitute a representation by the bidder that it has reviewed the Preliminary Official Statement. A copy of the Preliminary Official Statement describing the Bonds will be available via Ipreo’s website, and the Preliminary Official Statement and any other information concerning the proposed financing, will be furnished upon request to the Municipal Advisor to the District: Isom Advisors, a Division of Urban Futures, Inc., 1470 Maria Lane, Suite 315, Walnut Creek, California 94596, tel: (925) 478-7450.

## TERMS OF SALE

**RIGHT TO CANCEL, POSTPONE OR RESCHEDULE SALE:** The District reserves the right to postpone or change the sale date upon notice delivered via Thomson Municipal Market Monitor (www.tm3.com), Bloomberg Financial Markets or The Bond Buyer not less than 24 hours before the time for receipt of bids. If the sale is postponed, bids will be received via PARITY at such date and hour as set forth in the notice. Failure of any bidder to receive such notice or any other form of notice of canceled, postponed or rescheduled sale will not affect the legality or validity of any sale.

**SUBMISSION OF BIDS:** Bids must be delivered electronically through PARITY. Faxed bids will not be accepted.

**ELECTRONIC BIDS.** Electronic bids must conform with the procedures established by PARITY. Solely as an accommodation to bidders, electronic bids will be received exclusively through PARITY in accordance with this Official Notice of Terms of Sale until 9:30 a.m. Pacific Daylight Time on the bid date, but no bid will be received after the time specified for receiving bids. To the extent any instructions or directions set forth in PARITY conflict with this Official Notice of Terms of Sale, the terms of this Official Notice of Terms of Sale shall control.

**WARNING REGARDING ELECTRONIC BIDS:** The District will accept bids in electronic form solely through PARITY. Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with 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 be entitled to 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 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.

**FORM OF BID; MINIMUM PURCHASE PRICE:** All bids must be unconditional. Each bid submitted shall be deemed an irrevocable offer to purchase all of the Bonds specified in the bid on the terms provided in this Official Notice of Terms of Sale, and shall be binding upon the bidder. The purchase price of the Bonds shall consist of the aggregate principal amount thereof plus original issue premium, less original issue discount, if any, and less underwriter's discount (the "Purchase Price"). The Purchase Price to be paid may not be less than 102% of the principal amount of the Bonds, and shall not exceed 109% of the principal amount of the Bonds. In any case, no bid shall generate more original issue premium than an amount equal to the interest due on the Bonds within the first three years of issuance of the Bonds. **No bid may be submitted which provides for an underwriter's discount of more than 4% of the principal amount of the Bonds.**

**DESIGNATION OF INTEREST RATES ON BONDS:** Each bidder must specify the rate or rates of interest which the Bonds will bear. A bidder will be permitted to bid different rates of interest for each maturity of Bonds, but:

- No interest rate may exceed twelve percent (12%) per annum;
- each interest rate specified must be in a multiple of 1/20% or 1/8%;

- no Bond may bear more than one rate of interest;
- interest on each Bond will be computed from the date of original delivery to its stated maturity at the interest rate specified in the proposal, payable on the Interest Payment Dates as set forth above; and
- all Bonds maturing at any one time will bear the same rate of interest.

***DETERMINATION OF BEST BID:*** The Bonds will be awarded to the responsible bidder whose bid produces the lowest true interest rate on the Bonds as calculated by the Municipal Advisor. The true interest rate specified in any bid will be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on all Bonds from the date of original delivery (which is assumed to be October 23, 2019) to their respective maturity dates or mandatory sinking fund redemption dates, produces an amount equal to the Purchase Price specified in such bid. The true interest rate shall be calculated by the use of a semiannual interval of compounding interest based on the Interest Payment Dates for the Bonds.

***ADJUSTMENT OF PRINCIPAL MATURITIES:*** The District reserves the right to increase or decrease the principal amount of any maturity of the Bonds (or, in the case of the term Bonds, the principal amount thereof which is subject to mandatory sinking fund redemption on August 1 in any year). Notice of such increase or decrease shall be given to the successful bidder as soon as practicable following the notification of award, as described below. No such adjustment will have any effect on the determination of the best bid as described above which shall be determined on the basis of the bids as originally submitted. The total principal amount of the Bonds and the principal amounts payable in each of the years set forth above under the caption “DESCRIPTION OF BONDS – Maturities” are subject to adjustment in \$5,000 increments. The successful bidder will be notified of any adjustment in principal amounts prior to the time the Bonds are awarded. The aggregate price bid by the successful bidder will be adjusted by the District for the amount of any increase or decrease in the aggregate principal amount of the Bonds and without consideration for the reoffering price by the successful bidder to the public of any individual maturity of the Bonds. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.**

***RIGHT OF REJECTION:*** The District reserves the right, in its discretion, to reject any and all bids and, to the extent not prohibited by law, to waive any irregularity or informality in any bid. The District shall have no liability to any bidder or any other person for a decision to reject any or all bids or to waive any irregularity or informality of any bid.

***PROMPT AWARD:*** The Board of Education of the District has authorized the Superintendent or Business Manager to accept the best responsible bid for the purchase of the Bonds and to accept such bid, for and in the name of the District, by notice to the successful bidder. In the event two or more bids setting forth identical interest rates and premium, if any, are received, the Superintendent and the Business Manager, on behalf of the District, have been authorized to exercise discretion and judgment in making the award and may award the Bonds to either bidder, or on a pro rata basis or in such other manner as he or she shall determine. The Superintendent or the Business Manager, on behalf of the District, has further been authorized, in their discretion, to reject any and all bids for whatever reason and waive any irregularity or informality in any bid. The District shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to the District notice in writing of the withdrawal of such proposal.

**GOOD FAITH DEPOSIT:** The successful bidder is required to provide, not more than 24 hours after the communication of the award of its bid by the District, a good faith deposit in the amount of \$100,000 (the “Good Faith Deposit”) by wire transfer in immediately available funds. The successful bidder may obtain the wire instructions for the wire transfer by submitting a written request by email to the Municipal Advisor (janice@isomadvisors.com). Potential bidders may request the wire instructions in advance of bidding. However, the Good Faith Deposit need only be provided following the award of the Bonds. If the Good Faith Deposit is not received from the successful bidder within the timeframe described above, the District reserves the right to rescind the award of the Bonds.

Upon receipt of the Good Faith Deposit, the District may invest the proceeds of the Good Faith Deposit. On the date of delivery of the Bonds (the “Closing Date”), the successful bidder shall pay, or cause to be paid, the purchase price of the Bonds, less the amount of such Good Faith Deposit, without interest on such deposit. If the successful bidder fails to accept delivery of and pay for any of the Bonds on the Closing Date as provided in this Official Notice of Terms of Sale, such deposit shall be retained by the District as and for full liquidated damages for the failure of successful bidder to accept delivery of and pay for the Bonds. The retention of such deposit shall constitute a full release and discharge of all claims and rights of the District against the successful bidder on account of such failure and a waiver of any right the District may have to any additional damages for such failure. By submitting a bid, the bidder waives any right to claim that actual damages resulting from such failure are less than the amount of such Good Faith Deposit, and agrees that the amount of such Good Faith Deposit is a reasonable estimate of damages that the Board may suffer in the event of such failure.

In the event that the Bonds are not issued, the District shall return the Good Faith Deposit to the successful bidder without any interest thereon, as described under “**PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY**” herein.

**PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY:** It is expected that the Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of the award to the successful bidder. The successful bidder shall have the right, at the successful bidder’s option, to cancel its bid if the Bonds are not tendered for delivery within sixty (60) days from the date of the award, and in such event the successful bidder shall be entitled to the return of the Good Faith Deposit.

**STATEMENT OF TRUE INTEREST COST:** Each bidder is requested, but not required, to state in its proposal the percentage true interest cost represented by its proposal, determined as described above under the heading “—Determination of Best Bid,” which shall be considered as informative only and not binding on either the bidder or the District.

**CERTIFICATION OF REOFFERING PRICE:** The successful bidder will be required, as a condition to the delivery of the Bonds by the District, to deliver to the District a certificate identifying the prices at which it reasonably expects to initially offer each maturity of the Bonds to the general public as of the date on which the competitive bid for the Bonds was received from the successful bidder.

The successful bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District prior to the date of delivery of the Bonds, the Closing Issue Price Certificate, described under “CERTIFICATES TO BE COMPLETED BY THE PURCHASER PRIOR TO CLOSING” herein, 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 hereto as EXHIBIT A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the District and Bond Counsel.

The District 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 District shall disseminate this Official Notice of Terms 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 District 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 District 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 Terms of Sale.

*Any bid submitted pursuant to this Official Notice of Terms of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. As described in more detail in the following paragraphs, if the competitive sale requirements are not satisfied, the District has determined to apply the hold-the-offering-price rule (as described in the second paragraph below) to each applicable maturity of the Bonds, and the successful bidder agrees to comply with the hold-the-offering-price rule, in the manner described below.*

Bidders should prepare their bids on the assumption that the District will determine the issue price of the Bonds either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule.

In the event the competitive sale requirements are not satisfied, the successful bidder is required to comply with the hold-the-offering-price rule. The successful bidder shall also confirm that the underwriters participating in the purchase of the Bonds have offered or will offer each maturity of the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder. The successful bidder further shall agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity 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 (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder shall within one business day report to the District when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is 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. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The successful bidder shall cooperate with the District and Bond Counsel, including by providing requested information to assist in establishing the issue price of the Bonds and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the successful bidder will confirm that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which any successful bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, 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 to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, 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 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the securities to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Terms of Sale. Further, for purposes of this Official Notice of Terms of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with 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 (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 third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (3) 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) 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), (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

- (4) “sale date” means the date that the Bonds are awarded by the District to the successful bidder.

***CERTIFICATES TO BE COMPLETED BY THE SUCCESSFUL BIDDER PRIOR TO CLOSING:***

***Closing Issue Price Certificate.*** As a condition of delivery of the Bonds, the successful bidder must submit to the District a certificate (the “Closing Issue Price Certificate” further described below), substantially in the form attached in EXHIBIT A, with such modifications as may be appropriate or necessary in the reasonable judgment of the District and Bond Counsel. In making such representations, the successful bidder must reflect the anticipated existence, if any, of a “derivative product” (e.g., a tender option) offered or to be offered by the successful bidder or any affiliate in connection with the initial sale of any of the Bonds. The successful bidder shall also, if asked by Bond Counsel, provide additional information necessary in the judgment of Bond Counsel to determine issue price of the Bonds.

***Closing Certificate Concerning Preliminary Official Statement and Official Statement.*** As a condition of delivery of the Bonds, the successful bidder will be required to execute and deliver to the District, prior to the Closing Date, a certificate to the following effect:

(i) The successful bidder, as the initial purchaser of the Bonds, has provided to the District the initial reoffering prices and yields on the Bonds as set forth in the Official Statement (defined below).

(ii) The successful bidder has not undertaken any responsibility for the contents of the Preliminary Official Statement or the Official Statement; however, the successful bidder, in accordance with and as part of its responsibilities under Federal securities laws, has reviewed the information in the Preliminary Official Statement and the Official Statement, did not notify the District of the need to modify or supplement the Preliminary Official Statement on or before the Bid Date, and has not notified the District of the need to modify or supplement the Official Statement on or before the Closing Date.

***NO LITIGATION:*** There is no litigation pending concerning the validity of the Bonds, the corporate existence of the District, or the entitlement of the officers of the District to their respective offices, and the successful bidder will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of delivery of the Bonds.

***CUSIP NUMBERS:*** It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto will constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms hereof. All CUSIP Service Bureau charges for the assignment of CUSIP numbers will be the responsibility of and shall be paid for by the successful bidder.

***CALIFORNIA DEBT INVESTMENT AND ADVISORY COMMISSION FEES:*** All fees payable to the California Debt Investment and Advisory Commission in connection with the issuance of the Bonds shall be the responsibility of the successful bidder for the Bonds.

***OFFICIAL STATEMENT:*** The Board of Education of the District has approved a Preliminary Official Statement relating to the Bonds. The Preliminary Official Statement is in a form which has been “deemed final” by an authorized officer of the District, for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). Within seven business days from the sale date, the District will deliver to the successful bidder copies of the final Official Statement (the “Official Statement”) in sufficient number to allow the successful bidder to comply with paragraph (b)(4) of the Rule and to satisfy the Municipal Securities Rulemaking Board (the “MSRB”) Rule G-32 or any other rules adopted

by the MSRB. The successful bidder agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement as required by the Rule. The District will furnish to the successful bidder, at no charge, not in excess of twenty-five (25) copies of the Official Statement for use in connection with any resale of the Bonds.

***CONTINUING DISCLOSURE.*** In order to assist bidders in complying with the Rule, the District will execute and deliver a Continuing Disclosure Certificate, under which the District will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking is set forth in Appendix C to the Preliminary Official Statement and will also be set forth in the Official Statement. The Continuing Disclosure Certificate will be a document required to be delivered at closing by the District, and the failure by the District to deliver such document in the form set forth in the Official Statement will relieve the successful bidder of its obligation to purchase the Bonds.

GIVEN by order of the Board of Education of the Hermosa Beach City School District by the Resolution adopted September 11, 2019.

**EXHIBIT A**

**HERMOSA BEACH CITY SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
ELECTION OF 2016 GENERAL OBLIGATION BONDS SERIES B**

**CERTIFICATE OF THE PURCHASER**

\_\_\_\_\_ (the “Purchaser”) is making these certifications in connection with the above-captioned bonds described in Schedule A attached hereto (the “Obligations”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel, (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

**A. Issue Price.**

1. On \_\_\_\_\_, the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. The Purchaser has actually offered each of the Maturities of the Obligations at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

**B. Defined Terms.**

1. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

2. *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.

3. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (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).

4. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].

5. *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 Obligations 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 Obligations 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 Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

**A. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

1. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.

2. By submission of its bid, the Purchaser has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.

**B. Defined Terms.**

1. *Hold-the-Offering-Price Maturities* means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, 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, or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

3. *Issuer* is as defined in the attached Tax Certificate.

4. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or

CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.

5. *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.

6. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (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).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations 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 Obligations 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 Obligations to the Public).

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

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

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

[IF 3 BIDS]

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

<i>Maturity Date (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Expected Offering Prices</i>
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[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i>Date</i>	<i>Principal Amount</i>	<i>Rate</i>	<i>Initial Offering Price</i>	<i>General Rule Maturities</i>	<i>Hold-the- Offering-Price Maturities</i>
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[IF 3 BIDS NOT RECEIVED]

**SCHEDULE B**

**Pricing Wire**