

OFFICIAL NOTICE OF SALE

\$ _____ *

PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2017B GENERAL OBLIGATION REFUNDING BONDS
(Crossover Refunding)

NOTICE IS HEREBY GIVEN by the Board of Education of the Piedmont Unified School District (the "District"), that bids will be received by a representative of the District for the purchase of \$ _____ * principal amount of bonds of the District designated the "Piedmont Unified School District (Alameda County, California) 2017B General Obligation Refunding Bonds" (the "Bonds"). Bids will be received in electronic form via BiDCOMP™/Parity® ("Parity") on

TUESDAY, DECEMBER 12, 2017

or, at the option of the District, on successive days thereafter until acceptance of a bid, in either case at **9:30 a.m. Pacific Time**. The District reserves the right to postpone or change the sale date upon 24 hours notice as described below. The Bonds will be issued under the provisions of a Resolution adopted by the Board of Education of the District on November 27, 2017 (the "Bond Resolution") and the laws of the State of California. The Bonds are more particularly described in the Bond Resolution on file with the District (and incorporated herein by reference) and copies thereof will be furnished to the bidder upon request.

Important Note: *The District has designated a minimum net original issue premium with which the Bonds will be sold. See "TERMS OF SALE - Purchase Price" herein.*

DESCRIPTION OF THE BONDS

PURPOSE: The proceeds of the Bonds will be applied by the District for the purpose of providing for the advance refunding on a crossover basis of certain outstanding general obligation bond indebtedness of the District (the "Prior Bonds") and paying costs of issuance of the Bonds, all as more particularly described in the Preliminary Official Statement dated December ___, 2017 describing the Bonds.

ISSUE; BOOK-ENTRY FORM: The Bonds will be issued in the aggregate principal amount of \$ _____ * in the form of fully registered Bonds without coupons. The Bonds will be dated as of their original delivery, 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, New York, New York ("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.

* Preliminary, subject to change.

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 principal amount of a designated maturity is subject to increase or reduction as described below under the heading “Adjustment of Principal Amounts”. *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.*

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>
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**Subject to adjustment as provided herein.*

PAYMENT PROVISIONS: Interest on the Bonds will be calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof, and shall be payable on February 1, 2018, and on August 1 and February 1 in each year thereafter (the “Interest Payment Dates”), to the registered owners by check or draft of US Bank National Association (the “Paying Agent”), or, in the case of the owner of Bonds in an aggregate principal amount of at least \$1,000,000, at the written request of such owner by wire transfer. Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof at the office of the Paying Agent in San Francisco, California. The principal of and interest and premium (if any) on the Bonds are payable in lawful money of the United States of America.

OPTIONAL REDEMPTION: The Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed together with accrued interest thereon 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.* If 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 to the redemption date, without premium.

SECURITY: The Bonds are being issued on a crossover basis. Prior to the crossover date of August 1, 2023 (the “Crossover Date”), the Bonds will be secured by and payable solely from the proceeds of the Bonds deposited in an escrow fund established with proceeds of the Bonds. After the Crossover Date, the Bonds are general obligations of the District, and the District will direct the appropriate officials of the County to levy *ad valorem* taxes on all taxable property within the District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

TAX-EXEMPT STATUS: In the opinion of Jones Hall, A Professional Law Corporation, bond counsel to 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 individual and corporate alternative minimum taxes, although it is included in certain income and earnings in computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. Bidders are referred to the Preliminary Official Statement for a description of the proposed opinion of Bond Counsel. If prior to the delivery of the Bonds either (a) the interest on 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 tender 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.

LEGAL OPINION: The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, approving the validity of the Bonds, will be furnished to the purchaser of the Bonds without cost. A copy of the legal opinion will be appended to each Bond.

FURTHER INFORMATION: A copy of the preliminary Official Statement describing the Bonds, and any other information concerning the proposed financing, will be furnished upon request to the municipal advisor to the District (the “Municipal Advisor”), as follows: KNN Public Finance LLC, 1300 Clay Street, Suite 1000, Oakland, California 94612 (telephone (510) 839-8200); Attention: Mr. Blake Boehm.

TERMS OF SALE

RIGHT TO CANCEL, POSTPONE OR RESCHEDULE SALE: The District reserves the right to cancel, postpone or reschedule the sale of the Bonds upon notice published through the TM3 system, not less than 24 hours before the time for receipt of bids. If the sale is postponed, bids will be received at the above place 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 will be received electronically as described below, provided that such electronic bid must be received no later than the date and time set for receipt of bids.

ELECTRONIC BIDS: The District will accept bids in electronic form through the Parity electronic bidding system. Each bidder submitting an electronic bid 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 Parity's procedures. The District will be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder.

Neither the District, the County, the Municipal Advisor nor Bond Counsel has any responsibility for proper functioning of the Parity system, 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 will not be required to accept the time kept by Parity as the official time. The District assumes no responsibility for informing any bidder prior to the deadline for receiving bids that its bid is incomplete, or not received.

PURCHASE PRICE: Each proposal must be for not less than all of the Bonds hereby offered for sale. Each bid shall state that the bidder offers par and premium, if any, and the rate or rates not to exceed those specified herein, at which the bidder offers to buy the Bonds.

The purchase price of the Bonds must be paid in funds immediately available to the Paying Agent. Each bidder shall state in his bid the percentage true interest cost, which shall be considered informative only and not a part of the bid. Each bid must be delivered electronically.

DESIGNATION OF INTEREST RATES: Each bidder must specify the rate or rates of interest which the Bonds will bear. The maximum rate bid on any Bonds may not exceed 8% per annum. A bidder will be permitted to bid different rates of interest for each maturity of Bonds, but:

- 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 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 December 21, 2017) and will be discounted to 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.

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) in increments of \$5,000 principal amount. The District will give notice of any such adjustment to the successful bidder as soon as practicable following the notification of award. No such adjustment will alter the basis upon which the best bid is determined. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted, and no successful bid may be withdrawn.

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.

CERTIFICATION OF REOFFERING PRICE: The winning bidder will be required, as a condition to the delivery of the Bonds by the District, to execute a certificate to be prepared by Bond Counsel relating to the pricing of the Bonds. Such certificate will identify the reasonably expected initial offering prices for the Bonds, will state that the winning bidder was not given the opportunity to review other bids prior to submitting its bid, and will state that the bid constituted a firm offer to purchase the Bonds. A copy of the proposed form of such certification will be provided upon request to the Financial Advisor.

CANCELLATION OF SALE IF LESS THAN THREE BIDS OBTAINED: In the event that less than three bona fide bids are submitted for the purchase of the Bonds, all bids will be rejected and the sale of the Bonds pursuant to this Official Notice of Sale will be canceled.

PROMPT AWARD: A representative of the District has been authorized 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. If two or more bids setting forth identical interest rates and premium/discount, if any, are received, such officer may exercise discretion and judgment in making the award and may award the Bonds on a pro rata basis in such denominations as he or she determines. Such authorized representative of the District may also reject any and all bids and waive any irregularity or informality in any bid. Sale of the Bonds will be awarded or all bids will be rejected not later than 24 hours after the expiration of the time prescribed for the receipt of proposals 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 does not notify the District in writing of the withdrawal of its proposal.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that the Bonds will be delivered through the facilities of DTC for the account of the successful bidder on or about December 21, 2017. The successful bidder has the right, at the successful bidder's option, to cancel the contract of purchase if the Bonds are not tendered for delivery within 60 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 its bid.

GOOD FAITH DEPOSIT: Within 24 hours following the award, the winning bidder shall wire a good faith deposit (the "Deposit") in the amount of \$[50,000] to the Paying Agent, or as otherwise directed by the District. No interest on the Deposit will accrue to the purchaser. The amount of the Deposit will be applied as a credit towards the payment of the purchase price by the winning bidder. If after the award of the Bonds, the winning bidder fails to complete its purchase on the terms stated in its proposal, the full amount of the good faith deposit will be retained by the District.

PAYMENT OF PURCHASE PRICE: On the Closing Date, the successful bidder will be required to pay the purchase price of the Bonds, being the par amount of the Bonds, plus net original issue premium (if any), less the good faith deposit made under the preceding paragraph, in funds which are immediately available to the Paying Agent or as otherwise directed by the District. Such payment shall be made on the date of original delivery of the Bonds by the District through the facilities of DTC.

NO LITIGATION: There is no litigation pending concerning the validity of the Bonds, the corporate existence of the District, or the entitlement of the District officers to their respective offices, and the purchaser 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 purchaser to accept delivery of and pay for the Bonds in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the District, except that the CUSIP Service Bureau charge for the assignment of said numbers will be the responsibility of and shall be paid for by the purchaser.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEES: All fees payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds are the sole responsibility of the purchaser of the Bonds.

OFFICIAL STATEMENT: The District has approved a Preliminary Official Statement relating to the Bonds. Copies of such Preliminary Official Statement will be distributed to any bidder, upon request, prior to the sale in a form "deemed final" by 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 purchaser copies of the final Official Statement, executed by an authorized representative of the District and dated the date of delivery thereof to the purchaser, in sufficient number to allow the purchaser 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, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and such other amendments or supplements as are approved by the District (the "Final Official Statement"). The purchaser 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 Final Official Statement. The District will furnish to the successful bidder, at no charge, not more than 10 copies of the Official Statement for use in connection with any resale of the Bonds.

CERTIFICATE REGARDING OFFICIAL STATEMENT: A responsible officer of the District will certify to the original purchaser of the Certificates, as a condition of closing, that based on such officer's participation in the preparation of the Official Statement, nothing has come to his or her attention to lead him or her to believe that the Official Statement (except for certain financial statements, statistical data and other information) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE. In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District has committed to undertake, under the Bond Resolution and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. Such 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 form and substance acceptable to Bond Counsel and the successful bidder will relieve the successful bidder of its obligation to purchase the Bonds.

DISCLOSURE COUNSEL OPINION: The firm of Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the District, will provide a letter to the original purchaser of the Bonds regarding the Official Statement. Such letter will be to the effect that during the course of Disclosure Counsel's work with regard to the Bonds, no facts have come to their attention that cause them to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Depository Trust Company and the book-entry system) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

GIVEN by order of the Board of Education of the Piedmont Unified School District pursuant to the Bond Resolution defined herein.