

OFFICIAL NOTICE OF SALE

\$5,000,000*
CITY OF FOSTER CITY
GENERAL OBLIGATION BONDS, SERIES 2023
(LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT)

Date of Sale
Wednesday, July 5, 2023
9:30 a.m., California Time

BIDS TO BE RECEIVED VIA PARITY®

For further information, please contact:
Bill Euphrat
William Euphrat Municipal Finance, Inc.
3100 Clay Street
San Francisco, CA 94115
415-929-1564
weuphrat@WEMuniFinance.com

A copy of the Preliminary Official Statement
may be obtained at:
<http://munibase.elabra.com>

* Preliminary, subject to change.

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CITY OF FOSTER CITY
GENERAL OBLIGATION BONDS, SERIES 2023
(LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT)

NOTICE IS HEREBY GIVEN that all-or-none bids will be received by the City of Foster City (herein, the "City"), for the purchase of the captioned bonds (herein, the "Bonds"). All bids must be submitted via *Parity*®, the electronic bidding system, up to the time and at the place specified as follows:

TIME: 9:30 a.m., California Time

DATE: Wednesday, July 5, 2023

Bids for the purchase of the Bonds will be received and considered subject to the terms and conditions described herein.

Please note that the City reserves the right to cancel or reschedule the sale of the Bonds upon notice given through *Thomson Municipal News* at any time before the time for the receipt of bids, and if the sale is rescheduled, notice of the new sale date and time, if any, will be given through *Thomson Municipal News* no later than 5:00 p.m. California time the day prior to the new day bids are to be received, and bids will be received in the manner set forth above at the rescheduled date and time as the City may determine.

DESCRIPTION OF THE BONDS

ISSUE. The Bonds will be issued in the original principal amount of \$5,000,000*, and bear interest from the date of their issue, in full book-entry only form in denominations of \$5,000 and any integral multiple thereof, maturing as shown below under the caption "**MATURITY SCHEDULE.**" The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as shown below under the caption "**REDEMPTION.**" Prospective bidders should note that the terms of sale permit adjustment of individual maturities. See "**ADJUSTMENTS OF PRINCIPAL AMOUNTS**" below.

Reference is made to the Preliminary Official Statement prepared in connection to the offering of the Bonds for a complete description of the Bonds.

INTEREST RATE. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds shall represent interest from their date at a rate or rates to be determined at the sale thereof. Interest on the Bonds is payable semiannually on February 1 and August 1 in each year (the "Interest Payment Dates"); commencing February 1, 2024. Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that (i) each interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each Bond shall bear interest from its dated date to its stated maturity date at the interest rate specified in the bid; (iv) all Bonds of the same maturity date shall bear the same rate of interest; and (v) 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. ***Bids that do not conform to the terms of this paragraph will be rejected.***

PAYMENT. Principal of and interest on the Bonds will be payable by U.S. Bank Trust Company, National Association, the paying agent for the Bonds (herein, the "Paying Agent"), in lawful money through the facilities of the Depository Trust Company, or its nominee.

AUTHORITY FOR ISSUANCE AND PURPOSE. The Bonds are being delivered pursuant to a resolution adopted by the City Council of the City on _____, 2023 (the "Resolution").

* Preliminary, subject to change.

At a special election held in the City on June 5, 2018, the City received the affirmative vote of the requisite two-thirds or more of the voters of the City voting on a proposition to authorize the issuance of \$90,000,000 of general obligation bonds to finance improvements to the City's levee (the "Bond Measure").

Under the authorization of the Bond Measure, the City previously issued its \$85,000,000 City of Foster City General Obligation Bonds, Series 2020 (Levee Protection Planning and Improvements Project).

The Bonds represent the second and final series of bonds under the authority of the Bond Measure.

DENOMINATIONS. The Bonds will be executed and delivered as fully registered Bonds in the denomination of \$5,000 each or any integral multiple thereof.

DATE OF BONDS. The Bonds will be dated their date of delivery (the "Closing Date"), which is anticipated to be on or about July 20, 2023.

MATURITY SCHEDULE⁽¹⁾. 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 "**ADJUSTMENT OF PRINCIPAL AMOUNTS.**" Each bidder must specify in its bid whether, for any particular year, the Bonds will mature or, alternatively, be subject to mandatory sinking fund redemption in such year.

| <u>Maturity</u> <u>(August 1)</u> | <u>Principal Amount</u> |
|--------------------------------------|-------------------------|
|--------------------------------------|-------------------------|

⁽¹⁾ Preliminary, subject to change. See also "Adjustment of Principal Amounts" herein.

ADJUSTMENT OF PRINCIPAL AMOUNTS. The principal amounts set forth in this Official Notice of Sale for the Bonds reflect certain estimates of the City and its municipal advisor with respect to the likely interest rates of a winning bid and the premium/discount specified in such a winning bid described below under the caption "**TERMS OF SALE.**"

The total principal amount of the Bonds and the principal amounts payable in each of the years set forth above are subject to adjustment, in \$5,000 increments, to reflect the actual interest rates and any premium contained in the winning bid. The City 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). The winning bidder will be notified of any

adjustment in principal amounts as described in "TERMS OF SALE - PROCESS OF AWARD" below. Adjustment of the principal amounts will not affect the determination of the winning bid. A successful bidder may not withdraw its bid as a result of any changes made within these limits.

OPTIONAL REDEMPTION. The Bonds maturing on or after August 1, _____ are subject, at the option of the City, to redemption prior to their stated maturities in whole or in part on any date commencing August 1, _____, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

MANDATORY 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 "MATURITY SCHEDULE", at a redemption price equal to the principal amount thereof to be paid together with accrued interest thereon to the redemption date, without premium.

BOOK ENTRY SYSTEM. The Bonds when issued will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be initially issued as one bond for each of the maturities of the Bonds. DTC will be appointed depository for the Bonds and registered ownership of the Bonds may not thereafter be transferred except as provided in the procedures, rules and requirements established by DTC. The Paying Agent will pay payments of principal and interest to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

SECURITY. The City Council has the power to direct San Mateo County to levy ad valorem taxes upon all property within the City subject to taxation, without limitation of rate or amount, for the payment of the Bonds and the interest thereon. Bidders are referred to the Preliminary Official Statement for further details as to the security for the Bonds.

NO RESERVE FUND: The City will not establish a debt service reserve fund for the Bonds.

TAX EXEMPTION. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the 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. For tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation by the State of California. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

Bidders are referred to the Preliminary Official Statement for a description of the proposed opinion of Bond Counsel.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The City will covenant to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

DELIVERY OF BONDS. Delivery of the Bonds will be made to the successful bidder through the facilities of The Depository Trust Company in New York, New York (or at any other mutually agreeable

location) on or about July 20, 2023. Payment must be made in cash, Federal Reserve Bank funds, or other immediately available funds.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEE. Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Bonds will be charged the California Debt and Investment Advisory Commission fee.

QUALIFICATION FOR SALE; BLUE SKY. Compliance with blue sky laws shall be the sole responsibility of the successful bidder. The City will furnish such information and take such action not inconsistent with law as the successful bidder may request and the City shall deem necessary or appropriate to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the successful bidder; provided, however, that the City shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. The successful bidder will not offer to sell or solicit any offer to buy the Bonds in any jurisdiction where it is unlawful for such bidder to make such offer, solicitation or sale, and the bidder shall comply with the blue sky and other securities laws and regulations of the states and jurisdictions in which the bidder sells 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 shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms thereof. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; the City's municipal advisor will apply for CUSIP numbers for the Bonds.

NO LITIGATION CERTIFICATE. At the time of issuance of the Bonds, the City will certify there is no litigation pending concerning the validity of the Bonds, the Resolution or any proceedings of the City with respect thereto, and that there are no lawsuits or claims pending against the City which will materially affect the City's authority to direct the County to levy ad valorem taxes to pay debt service on the Bonds.

RIGHT OF CANCELLATION. The successful bidder will have the right, at its option, to cancel its purchase of the Bonds if the City fails to execute the Bonds and tender the same for delivery within 60 days from the date of award thereof. In such event, the successful bidder will be entitled to the return of the deposit accompanying the bid (see "TERMS OF SALE - GOOD FAITH DEPOSIT").

PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT. The preliminary official statement, distributed in connection with the sale of the Bonds, dated _____, 2023 (the "Preliminary Official Statement") has been deemed final by the City for purposes of Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), but is subject to revision, amendment and completion in a final official statement (the "Final Official Statement") as provided in the Rule. A copy of the Preliminary Official Statement is available on the Internet at <http://munibase.elabra.com>. The City will deliver to the purchaser of the Bonds a certificate dated the Closing Date to the effect that the City has reviewed each of the Preliminary Official Statement and Final Official Statement and has determined that as of the date of each thereof, to the best of its knowledge and belief, each of the Preliminary Official Statement and Final 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, in light of the circumstances under which they were made, not misleading. Up to 50 copies of the Final Official Statement will be furnished to the successful bidder at no charge within 7 business days after the award of the Bonds. If the successful bidder requests more than 50 copies of the Final Official Statement within 2 business days after the award of the Bonds, the City will provide such copies within 7 business days after the award as long as the successful bidder pays the related costs.

CONTINUING DISCLOSURE. The City will covenant to provide, by not later than nine months after the end of the City's fiscal year (presently June 30) and commencing April 1, 2024, with the report for the fiscal year ending June 30, 2023, an annual report which shall contain pertinent operating and financial information of the City relating to the Bonds as more fully described in the Preliminary Official Statement (the "Annual Report") and the Continuing Disclosure Certificate of the City dated the Closing Date, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the dissemination agent on behalf of the City with the Municipal Securities

Rulemaking Board. The City is the initial dissemination agent for the Bonds. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in the Preliminary Official Statement under the caption "**CONTINUING DISCLOSURE**" and in Appendix E – Form of Continuing Disclosure Certificate thereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

TERMS OF SALE

BASIS OF AWARD. Unless all bids are rejected as described in this Official Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid produces the lowest true interest cost on the Bonds. The true interest cost specified in any bid will be that rate which, when used in computing the present value of principal and interest to be paid on all Bonds from the expected date of delivery (which is assumed for computational purposes to be July 20, 2023), to their respective maturity dates, or mandatory sinking fund redemption dates in the case of term bonds, produces an amount equal to the purchase price (including any premium) specified in such bid. For purposes of computing the true interest cost represented by any bid, the purchase price specified in such bid shall be equal to the par amount of the Bonds plus any premium specified in such bid, less any original issue discount, and 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. In the event of a tied bid, the procedure for determining the winning bid will be the toss of a coin to be conducted by the City among such bidders whose bids have produced the tie.

ALL OR NONE BID. Any prospective purchaser may submit a bid for the Bonds, provided that if any of the Bonds are bid for, then all of the Bonds must be bid for.

PREMIUM AND DISCOUNT. The City will accept par, discount or premium bids for any maturity of the Bonds. Provided however, the purchase price must include an aggregate original issue premium sufficient to pay debt service coming due on February 1, 2024 and August 1, 2024, but such original issue premium may not exceed debt service coming due in the first three bond years.

BOND INSURANCE. Bids involving bond insurance will not be accepted.

FORM OF BID. All bids for the Bonds must be unconditional and for not less than all of the Bonds offered for sale. Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted via *PARITY*® pursuant to this Notice until 9:30 a.m., California Time on the date set forth for receipt of bids. To the extent any instructions or directions set forth in *PARITY*® conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*®, potential bidders may contact the City's municipal advisor (see the cover page of this Official Notice of Sale for contact information).

DELIVERY AND PAYMENT. It is estimated that delivery of the Bonds will be made to the Purchaser on or about July 20, 2023. Payment of the purchase price (less the amount of the good faith deposit described in "GOOD FAITH DEPOSIT" below) must be made in funds immediately available to the City.

ELECTRONIC BIDS. Electronic Bids via *PARITY*® (the "Electronic Bidding System") will be accepted in accordance with this Official Notice of Sale until 9:30 a.m. California Time, July 5, 2023, but no bid will be received after this time. To the extent any instructions or directions set forth in *PARITY*® conflict with this Official Notice of Sale, the terms of this Notice shall control. For further information about *PARITY*®, potential bidders may contact the City's municipal advisor (see the cover page of this Official Notice of Sale for contact information).

WARNING REGARDING ELECTRONIC BIDS. THE CITY 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 BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT THE CITY NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY, AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE CITY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE CITY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE CITY SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE CITY, 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 CITY AT THE PLACE OF

BID OPENING, AND THE CITY SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY AS THE OFFICIAL TIME.

TRUE INTEREST COST. Bidders are requested to supply a calculation of the true interest cost of the Bonds to the City on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the City. 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 (which is anticipated to be July 20, 2023) 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.

UNDERWRITING GROUP. Each bidder is requested to furnish the names of all joint managers participating in the bid. The successful bidder will be required to submit a list of all syndicate members in addition to the managers not later than 24 hours after receiving a verbal award.

RIGHT OF CANCELLATION OF SALE BY THE CITY. The City reserves the right, in its sole discretion, at any time before the time for the receipt of bids to cancel the public sale of the Bonds. In such event, the City shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through *Thomson Municipal News* 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. In addition, the City reserves the right to cancel the public sale of the Bonds if the City receives fewer than three bids that conform to the parameters contained herein such that the competitive sale requirements are not satisfied (see "ESTABLISHMENT OF ISSUE PRICE").

RIGHT TO MODIFY OR AMEND. The City reserves the right, in its sole discretion, to modify or amend this Official Notice of Sale including, but not limited to, the right to change the principal amount and principal amortization schedule of the Bonds being offered; however, such modifications or amendments shall be made not later than 5:00 p.m., California time, on the business day prior to the bid opening and communicated through *Thomson Municipal News*.

RIGHT OF POSTPONEMENT BY THE CITY. The City reserves the right, in its sole discretion, to postpone, from time to time, the date and time established for the receipt of bids. Any such postponement will be communicated through *Thomson Municipal News* not later than 5:00 p.m., California time, on the business day prior to any announced date for receipt of bids. If any date is postponed, any alternative sale date and time will be announced via *Thomson Municipal News* by 5:00 p.m. California Time on the business day 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 *Thomson Municipal News* at the time the sale date and time are announced.

RIGHT OF REJECTION. The City reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROCESS OF AWARD. The City will take final action awarding the Bonds or rejecting all bids not later than thirty (30) hours after the time for receipt of bids, unless such time period is waived by the Purchaser (defined below).

The following steps constitute the City's process for a final award of the Bonds:

- (1) The City's municipal advisor, on behalf of the City, will give a verbal notice of award to the apparent winning bidder (the "Apparent Winning Bidder") to be determined as described below under "--BASIS OF AWARD" above.
- (2) The Apparent Winning Bidder shall provide within one hour of verbal notice the initial reoffering prices and confirm that it is prepared to execute the Issue Price Certificate described under "ESTABLISHMENT OF ISSUE PRICE" below.
- (3) The Apparent Winning Bidder shall provide the Good Faith Deposit by wire transfer, as described under "GOOD FAITH DEPOSIT."

(4) The City's municipal advisor will fax or email to the Apparent Winning Bidder confirmation of the final principal amortization schedule and purchase price for the Bonds, after adjustments, if any, are made, as described under "DESCRIPTION OF THE BONDS- ADJUSTMENT OF PRINCIPAL AMOUNTS."

(5) The City will fax or email to the Apparent Winning Bidder written confirmation of the final award.

Upon completion of all the steps described above, the Apparent Winning Bidder will be deemed the Purchaser of the Bonds (the "Purchaser") and will be bound by the terms of the contract to purchase the Bonds, which contract shall consist of: (a) this Official Notice of Sale; (b) the information that is transmitted electronically by the bidder through Parity®; and (c) any adjustments to the final principal amortization schedule and purchase price made as described under "DESCRIPTION OF THE BONDS- ADJUSTMENT OF PRINCIPAL AMOUNTS."

GOOD FAITH DEPOSIT. A good faith deposit in the amount of \$_____ (1% of the preliminary par issue size) for the Bonds (the "Good Faith Deposit") must be provided by the Apparent Winning Bidder. The Good Faith Deposit must be submitted by wire transfer (as described below). The Bonds will not be officially awarded to a bidder who has not submitted a Good Faith Deposit.

Upon the determination by the City of the Apparent Winning Bidder (as described above under "PROCESS OF AWARD"), the City's municipal advisor will request the Apparent Winning Bidder to (i) immediately wire the Good Faith Deposit to the Paying Agent, as described below, and (ii) provide, within ninety (90) minutes of such request, the Federal wire reference number of such Good Faith Deposit to the City's municipal advisor by email (weuphrat@wemunifinance.com). The wire transfer is to be made to U.S. Bank Trust Company, National Association using the following wire instructions:

Account Name:
ABA #
Account #
RE: City of Foster City 2023 Good Faith
ATTN:

In the event that the Apparent Winning Bidder does not wire the Good Faith Deposit as required, or does not provide the Federal wire reference number confirming the wire-transfer of such deposit to the municipal advisor within the time specified above, the City may reject the bid of the Apparent Winning Bidder and may award the Bonds to a responsible bidder that submitted a confirming bid that represents the next lowest true interest cost to the City.

No interest will be paid upon a Good Faith Deposit made by an Apparent Winning Bidder. Upon receipt of the Good Faith Deposit by the City, the Good Faith Deposit will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, except pursuant to a right of cancellation. See "RIGHT OF CANCELLATION." In the event of nonpayment of the purchase price for the Bonds by the Purchaser, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

ESTABLISHMENT OF ISSUE PRICE. (a) The Purchaser shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City 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 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and Bond Counsel. All actions to be taken by the City under this Official Notice of Sale

to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. **By submitting a bid for the Bonds, each bidder certifies that it has an established industry reputation for underwriting new issuances of municipal bonds.** The City will not accept bids from firms without an established industry reputation for underwriting new issuances of municipal bonds.

(c) In the event the City receives less than three bids that conform to the parameters contained herein such that the competitive sale requirements are not satisfied, the City intends to treat the initial offering price of each maturity of the bonds set forth in the bid submitted by the winning bidder (the "initial offering price") as the issue price of that maturity (the "hold-the-offering-price rule"). Consequently, each bidder should assume for purposes of making its bid that for each maturity of the Bonds, the City will treat the initial offering prices as of the date that the Bonds are awarded by the City to the successful bidder ("sale date") as the issue price of the Bonds. The City will advise the Apparent Winning Bidder within one hour of receipt of bids if the hold-the-offering-price rule will apply. In the event that the competitive sale requirements are not satisfied and issue price is established pursuant to the hold-the-offering-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the City.

(d) By submitting a bid, the successful bidder shall, on behalf of the underwriters participating in the purchase of the Bonds, (i) confirm that the underwriters have offered or will offer each maturity of the Bonds to the public on or before the sale date at the initial offering price set forth in the bid submitted by the winning bidder, and (ii) agree that the underwriters will neither offer nor sell any maturity of the Bonds to any person at a price that is higher than the initial offering price for such maturity during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth 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 for such maturity.

The winning bidder shall promptly advise the City 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 if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The City acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail

distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

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

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

(A) report the prices at which it sells to the public the Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and

(B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder and in the related pricing wires, and

(2) any agreement among underwriters relating to the sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail 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 retail distribution agreement to

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and

(B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale.

(g) For purposes of this Official Notice of Sale:

(1) "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 retail 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 (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct

ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

In addition, the City reserves the right to cancel the public sale of the Bonds if the City receives fewer than three bids that conform to the parameters contained herein such that the competitive sale requirements are not satisfied.

ADDITIONAL INFORMATION AVAILABLE. Requests for additional information about the Bonds and the City may be directed to the City's Municipal Advisor (see the cover of this Official Notice of Sale for contact information).

APPROVED by the City Council of the City of Foster City by resolution adopted _____, 2023.

/s/ _____
Finance Director

EXHIBIT 1
Issue Price Certificate

CITY OF FOSTER CITY
General Obligation Bonds, Series 2023
(Levee Protection Planning and Improvements Project)

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

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 the 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 July 5, 2023s.

(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 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 Certificate 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.

[UNDERWRITER]

By: _____
Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

| <u>Maturity Date</u> <u>(August 1)</u> | <u>Principal</u> <u>Amount</u> | | <u>Interest</u> <u>Rate</u> | <u>Reoffering</u> <u>Price</u> * |
|---|-----------------------------------|---|--------------------------------|-------------------------------------|
| | \$ | % | | % |

* Stated as a percentage of par.

SCHEDULE B
COPY OF UNDERWRITER'S BID
(attached)