

OFFICIAL NOTICE OF SALE

\$ _____*

**LAGUNA COUNTY SANITATION DISTRICT
SANITATION SYSTEM REVENUE
CERTIFICATES OF PARTICIPATION, SERIES 2020**

NOTICE IS HEREBY GIVEN that electronically submitted bids via i-Deal LLC’s Parity System (“Parity”) will be received by the Laguna County Sanitation District (the “District”) for the purchase of all but not less than all of \$ _____ † aggregate principal amount of the Laguna County Sanitation District Sanitation System Revenue Certificates of Participation, Series 2020 (the “Certificates”).

ISSUE: The Certificates are described in the Preliminary Official Statement for the Certificates dated _____, 2020.

TIME: Bids for the Certificates:

**8:30* a.m., Pacific Daylight Time,
on _____, 2020***

The District reserves the right to postpone to a later date and/or different time said public sale by announcing such postponement through Thomson Municipal News on Thomson Municipal Market Monitor (www.TM3.com) (the “News Service”) not later than 1:00 p.m. (Pacific Daylight Time) on the day prior to the date bids are to be received. If no legal bid or bids are received for the Certificates on said date (or such later date as is established as provided herein) at the times specified, bids will be received for the Certificates on such other date and at such other time as shall be designated through the News Service as soon as practicable. Potential bidders will be notified via the News Service not later than 1:00 p.m. (Pacific Daylight Time) on the day prior to the date bids are to be received of any change to the principal payment schedule for the Certificates to be utilized for the bidding process. As an accommodation to bidders, telephone or email notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder requesting such notice from the District’s Municipal Advisor (defined herein), at the address and attention given below. Failure of any bidder to receive such supplementary notice shall not affect the legality of the sale.

The District further reserves the right to amend this Official Notice of Sale (the “Official Notice of Sale”) and the terms of sale in any respect, upon notice thereof given through the News Service not later than the times bids are then scheduled to be received.

Subject to the provisions of this Official Notice of Sale, the Certificates will be awarded to the bidder with the lowest true interest cost (“TIC”) for the Certificates. Bidders for the Certificates are required to bid on all of the Certificates. See “TERMS OF SALE” herein.

Any questions on the bidding procedures and sale terms set forth in this Official Notice of Sale, or any modification or amendment thereof, or any postponement or cancellation of the sale of the Certificates should be directed to the District’s Municipal Advisor, KNN Public Finance, LLC 1300 Clay Street, Suite 1000, Oakland, California 94612; Attn. Melissa Shick (Phone: (510) 208-8226 / Email: mshick@knninc.com), or Grant Carson (Phone: (510) 208-8212 / Email: gcarson@knninc.com).

* Preliminary, subject to change.

† Preliminary, subject to change.

TERMS OF THE CERTIFICATES

Important Note: This notice will be submitted to i-Deal LLC (“i-Deal”) for posting at the TM3 website and in the Parity bid delivery system. In the event i-Deal’s summary of the terms of sale of the Certificates disagrees with this Official Notice of Sale in any particulars, the terms of this Official Notice of Sale (as amended, if necessary with notice of any amendment hereto to be given as described above) shall control.

The District will accept bids in electronic form exclusively 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. Bidders may contact Parity directly at (212) 849-5021 or at the Parity website: <https://www.newissuehome.i-deal.com>.

SERIES: \$_____ * aggregate principal amount of Certificates, are being issued as fully registered Certificates in denominations of \$5,000 or multiples thereof, provided that no Certificates shall represent principal maturing on more than one maturity date, all dated the date of delivery thereof.

INTEREST RATE AND BID CONSTRAINTS: Interest is payable on June 1, 2021 and semiannually thereafter on December 1 and June 1 of each year. Bidders must specify the rate or rates of interest that the Certificates hereby offered for sale shall bear and an aggregate purchase price. Bidders will be permitted to bid different rates of interest, according to the following:

- (i) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent per annum and a zero rate of interest cannot be specified;
- (ii) no Certificate shall bear more than one rate of interest;
- (iii) no rate of interest shall exceed five percent (5.00%) per annum; and
- (iv) each Certificate shall bear interest from its dated date to its stated payment date at the interest rate specified in the bid; Premium bids must be paid as part of the purchase price, and no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price

PRINCIPAL PAYMENTS AND MATURITIES: The Certificates will be issued in the aggregate principal amount of \$_____*. The Certificates will be dated as of the date of issuance. The Certificates represent interest from their dated date at the rate or rates to be fixed upon the sale thereof. Interest represented by the Certificates is payable on each June 1 and December 1, commencing

* Preliminary, subject to change.

June 1, 2021 (each, an “Interest Payment Date”). The Certificates will mature on December 1 of each year through ____* in the following amounts:

Principal Payment Date <u>December 1</u>	Principal Amount*	Principal Payment Date <u>December 1</u>	Principal Amount*
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The Certificates will be fully registered Certificates in the denominations of \$5,000 each or any integral multiple thereof. Interest will be computed on the basis of a 360-day year composed of twelve 30-day calendar months at the rate per annum specified in the bid accepted.

ADJUSTMENT OF PRINCIPAL AMOUNTS: The District reserves the right, following the receipt of bids and determination of the winning bid and at its sole discretion, to change the total principal amount of the Certificates and the principal amount of each maturity of the Certificates awarded. The successful bidder will be notified of the modification to the principal amount at the time of the award. **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.** The successful bidder will be notified of the modification to the principal amount at the time of the award. **The adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount, if any, but will not change the per Certificate underwriter’s discount as provided in the bid.**

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all the Certificates be executed and delivered as Serial Certificates or may provide that any one or more consecutive annual principal amounts be combined into one or more Term Certificates. In the event term Certificates are designated, all term Certificate maturities and corresponding mandatory sinking fund redemptions shall be subject to the same optional redemption provisions, as applicable. See “ – REDEMPTION” herein.

REDEMPTION*: The Certificates are subject to redemption by the District on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of authorized denominations, from prepayments made by the

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District from funds received by the District from the net proceeds of insurance received for material damage to or destruction of the Project or portions thereof under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and the 2020 Installment Sale Agreement, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

The Certificates with a maturity date before December 1, ____, will not be subject to optional prepayment prior to their respective maturity date. The Certificates with a maturity dates on or after December 1, ____, will be subject to prepayment prior to their maturity date, at the option of the District, from any available source of funds, as a whole or in part (among maturity dates as directed by the District) on any date on or after December 1, ____ at the principal amount evidenced and represented thereby, plus interest evidenced and represented thereby accrued to the date of prepayment, without premium.

TAX MATTERS: Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District, will render to the District its legal opinion with respect to tax-exemption of the interest with respect to the Certificates. See the discussion of Tax Matters in the Preliminary Official Statement hereinafter referred to. In the event that prior to the delivery of the Certificates (a) the income received by private holders from obligations of the same type and character shall be declared to be includable in gross income (either at the time of such declaration or at any future date) for purposes of 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 tax effect on holders of the Certificates as such, the successful bidder may, at its option, prior to the tender of the Certificates by the District, be relieved of its obligation to purchase the Certificates, and in such case the deposit accompanying its bid will be returned. For purposes of the preceding sentence, interest will be treated as excludable from gross income for federal income tax purposes whether or not it is includable as an item of tax preference for calculating alternative minimum taxes or otherwise includable for purposes of calculating certain other tax liabilities.

BOOK-ENTRY ONLY: The Certificates will be issued in book-entry only form. The Depository Trust Company (“DTC”) will act as securities depository for the Certificates.

LEGAL OPINION: The legal opinion of Special Counsel referred to in the Preliminary Official Statement under “CERTAIN LEGAL MATTERS,” the proposed form of which is included in Appendix B – “FORM OF LEGAL OPINION” to the Preliminary Official Statement, will be furnished to the District.

CERTIFICATE: The District will provide to the successful bidder of the Certificates a certificate, signed by an authorized representative of the District, confirming to the successful bidder that, at the time of acceptance of its proposal for the Certificates and at the time of delivery thereof, to the best of the knowledge of said authorized representative, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

TERMS OF SALE

FORM OF BID: No bid will be accepted for less than all of the Certificates or for a purchase price less than the aggregate principal amount of the Certificates. All bids must be unconditional. Each bid must be delivered by electronic transmission as described below and be received by 8:30 a.m., Pacific Daylight Time, on ____, 2020 (subject to the limitations set forth in “**TERMS OF SALE - WARNINGS REGARDING ELECTRONIC BIDS**” immediately below). Each bid must be in accordance with the

terms and conditions set forth in this Official Notice of Sale and may be submitted on the attached Bid Form. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE.

ELECTRONIC BIDS: Each bid for the Certificates must be for not less than all of the Certificates hereby offered for sale. No bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price. Each bid must be in accordance with, and shall be deemed to incorporate, all of the terms and conditions set forth in this Official Notice of Sale. Each bid must state the aggregate purchase price of the Certificates and the interest rate applicable to each maturity thereof. Bids may only be delivered by electronic transmission via i-Deal/Parity, as follows:

Electronic Transmission: The District will accept bids in electronic form exclusively through i-Deal LLC's Parity System ("Bid Service" or "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. Bidders may contact Parity directly at:

Parity/iDeal
BIDCOMP Competitive Bidding System and Parity Electronic Bid
Submission System
1359 Broadway, 2nd Floor
New York, NY 10018
Phone: (212) 849-5021
Fax: (212) 989-9281
Internet address: <http://www.newissuehome.i-deal.com>

If any provision of this Official Notice of Sale conflicts with information provided by the Bid Service, this Official Notice of Sale shall control. Each bidder submitting an electronic bid agrees by doing so that it is solely responsible for all arrangements with (including any charges by) the Bid Service, that the District does not endorse or encourage the use of the Bid Service, and that the Bid Service is not acting as an agent of the District. Instructions for submitting electronic bids must be obtained from the Bid Service, and the District does not assume any responsibility for ensuring or verifying bidder compliance with the Bid Service's procedures. The District shall be entitled to assume that any bid received via the Bid Service has been made by a duly authorized agent of the bidder.

If a bidder submits an electronic bid for the Certificates, such bidder thereby agrees to the following terms and conditions: (i) If any provision in this Official Notice of Sale with respect to the Certificates conflicts with information or terms provided or required by the Bid Service, this Official Notice of Sale, including any amendments issued through the News Service, shall control; (ii) each bidder shall be solely responsible for making necessary arrangements to access the Bid Service for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (iii) the District shall not have any duty or obligation to provide or assure access to the Bid Service to any bidder, and the District shall not be responsible for proper operation of, or have any liability for,

any delays, interruptions or damages caused by use of the Bid Service or any incomplete, inaccurate or untimely bid submitted by any bidder through the Bid Service; (iv) the District is using the Bid Service as a communication mechanism, and not as an agent of the District, to conduct the electronic bidding for the Certificates; (v) the Bid Service is acting as an independent contractor, and is not acting for or on behalf of the District; (vi) the District is not responsible for ensuring or verifying bidder compliance with any procedures established by the Bid Service; (vii) the District may regard the electronic transmission of a bid through the Bid Service (including information regarding the purchase price for the Certificates and interest rates for any maturity of the Certificates) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (viii) if the bidder's bid is accepted by the District, the Official Bid Form, this Official Notice of Sale and the information that is transmitted electronically through the Bid Service shall form a contract, and the bidder shall be bound by the terms of such contract; and (ix) information provided by the Bid Service to bidders shall form no part of any bid or any contract between the Purchaser and the District unless that information is included in this Official Notice of Sale provided by the District.

WARNINGS REGARDING ELECTRONIC BIDS. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH PARITY'S PROCEDURES. THE DISTRICT SHALL BE ENTITLED TO ASSUME THAT ANY BID RECEIVED VIA PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER. NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR OR SPECIAL COUNSEL ASSUMES ANY RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED BY THE TIME FOR RECEIVING BIDS. THE TIME FOR RECEIVING 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.

TRUE INTEREST COST CALCULATION: The TIC to the District of any bid shall be calculated on the basis of the present value of the principal and interest to be paid with respect to the Certificates based on the bid price, i.e., principal of the Certificates, plus premium, if any, compounded semi-annually. In the event that two or more bidders offer bids for the Certificates at the same lowest TIC, the first one submitted, as determined by reference to the time displayed on Parity's website, shall be the leading bid.

The District will award the Certificates to the bidder offering the lowest TIC to the District, provided, however that the District reserves the right to reject any and all bids and to waive any informality or irregularity in any and all bids. The District reserves the further right, in its discretion, to adjourn the sale, in which event a notice will be given via Parity.

BEST BID: The Certificates will be awarded to the responsible bidder submitting the best responsive bid, considering the interest rate or rates specified and the premium offered, if any. The best bid will be the bid which represents the lowest TIC to the District. The TIC is the discount rate which, when used to discount all debt service payments on the Certificates back to the date of such Certificates, results in an amount equal to the price bid for the Certificates. For the purpose of calculating the TIC, the mandatory sinking fund payments, if any (*see* "TERMS OF THE CERTIFICATES—Serial Certificates and/or Term Certificates" herein), shall be treated as serial maturities in such years. The determination of the bid representing the lowest TIC will be made without regard to any adjustments made or contemplated to be made after the award by the District, as described herein under "TERMS OF THE CERTIFICATES—Adjustment of Principal Amounts," even if such adjustments have the effect of raising

the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

In the event multiple bids are received from a single bidder by any means or combination thereof, the District shall accept the bid representing the lowest TIC to the District, and each bidder agrees by submitting any bid to be bound by such best bid.

RIGHT OF REJECTION: The District reserves the right, in its discretion, to reject any and all proposals and to waive any irregularity or informality in any proposals. The District retains absolute discretion to determine whether any bid is timely, complete or legible. The District takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or not received.

PROMPT AWARD: The District will take action awarding the Certificates or rejecting all bids for the Certificates not later than thirty (30) hours after the expiration of the time herein prescribed for the sale of the Certificates, unless such time of award is waived by the successful bidder. Notice of award will be given promptly to the successful bidder.

REOFFERING PRICE: The successful bidder shall assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the District and Special 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 Certificates) will apply to the initial sale of the Certificates (the “competitive sale requirements”) because:

- (1) the District shall disseminate this 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 District may receive bids from at least three underwriters of municipal Certificates who have established industry reputations for underwriting new issuances of municipal Certificates; and
- (4) the District anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Certificates, on the terms set forth in the bid form and this Notice of Sale, and is not subject to any conditions, except as permitted by this Notice of Sale. By submitting a bid, each bidder confirms that it has an established industry reputation for underwriting new issuances of municipal Certificates.

In the event that the competitive sale requirements are not satisfied, the District shall so advise the successful bidder. The District shall treat the first price at which 10% of each maturity (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the District if any maturity satisfies the 10% test as of the date and time of

the award of the Certificates. **The District will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.** Bidders should prepare their bids on the assumption that all of the maturities will be subject to the 10% test in order to establish the issue price of the Certificates.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity, the successful bidder agrees to promptly report to the District the prices at which the unsold Certificates of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing has occurred, until the 10% test has been satisfied as to the Certificates of that maturity or until all Certificates of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates 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 report the prices at which it sells to the public the unsold Certificates 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 Certificates of that maturity or all Certificates of that maturity have been sold to the public, 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 relating to the initial sale of the Certificates 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 Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Certificates 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 Certificates of that maturity or all Certificates of that maturity have been sold to the public, 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 Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “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 Certificates 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 Certificates 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 Certificates to the public),
- (iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) 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), (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

(iv) “sale date” means the date that the Certificates are awarded by the District to the successful bidder

GOOD FAITH DEPOSIT: The winning bidder shall deliver a good faith deposit (the “Deposit”) in the form of a federal funds wire transfer payable in immediately available funds in the amount of \$_____ for the Certificates to secure the District from any loss resulting from the failure of the winning bidder to comply with the terms of its bid. Each bidder shall acknowledge as a condition precedent to the submission of its bid that the winning bidder is required to submit its Deposit to the District in the form of a federal funds wire transfer as instructed by the District not later than 12:00 p.m. (Pacific Time) on the same business day following the District’s acceptance of the bid of the winning bidder. Wiring instructions shall be provided to the successful bidder following notification of the award.

In the event a winning bidder fails to honor its accepted bid, the Deposit will be retained by the District. If a winning bidder completes its purchase of the Certificates on the terms stated in its bid, its Deposit (without interest) will be applied to the purchase of the Certificates on the date of delivery of the Certificates. No interest will be paid upon the Deposit made by any bidder.

In the event of the District’s inability to deliver the Certificates at the closing, the District shall forthwith return the amount of the Deposit to a winning bidder immediately and such return shall constitute a full release and discharge of all claims by the winning bidder against the District arising out of the transactions contemplated by this Official Notice of Sale.

CUSIP NUMBER: It is anticipated that a CUSIP number will be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for said Certificates in accordance herewith. All charges of CDIAC, DTC or the CUSIP Service Bureau for the assignment of CUSIP numbers for the Certificates shall be paid by the successful bidder.

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 Certificates will be charged the California Debt and Investment Advisory Commission fee.

DTC FEES: The District will submit or cause to be submitted all requisite documents to DTC for DTC-eligibility purposes. However, the successful bidder will be responsible for payment of all fees charged by DTC.

LITIGATION: Other than disclosed in the Preliminary Official Statement, no litigation is pending, or, to the knowledge of the District, threatened concerning the validity of the 2020 Installment Sale Agreement, and an opinion of the County Counsel to that effect will be furnished at the time of the original delivery of the Certificates. Other than disclosed in the Preliminary Official Statement, the District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to issue the Certificates.

OFFICIAL STATEMENT: The District has approved a Preliminary Official Statement dated _____, 2020 (the “Preliminary Official Statement”), which the District prepared with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the District. The District has “deemed final” said Preliminary Official Statement for purposes of Rule 15c2-

12 (the “Rule”) of the Securities and Exchange Commission although it is subject to revision, amendment and completion in the form of a Final Official Statement in conformance with such Rule. Up to [15] copies of the Final Official Statement will be supplied to a successful bidder without charge.

An electronic copy of the Preliminary Official Statement will be made available to bidders.

EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED THE PRELIMINARY OFFICIAL STATEMENT PRIOR TO BIDDING FOR THE CERTIFICATES. THE DESCRIPTION OF THE CERTIFICATES CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

By making a bid for the Certificates, the Purchaser agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the District, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board (“MSRB”), and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Certificates to the ultimate purchasers.

CONTINUING DISCLOSURE: In order to assist bidders in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), the District will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information relating to the District and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. See “CONTINUING DISCLOSURE” and Appendix D—FORM OF CONTINUING DISCLOSURE AGREEMENT in the Preliminary Official Statement.

BLUE SKY: The District has not taken any action relating to the requirements of the securities or “blue sky” laws of any jurisdiction with respect to the offer and sale of the Certificates. Certain jurisdictions may have filing requirements which must be satisfied prior to any offer or sale of the Certificates.

TAX EXEMPT STATUS: In the event that prior to the delivery of the Certificates(a) the income received by any private holder from Certificates of the same type and character as the Certificates 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 enacted which will have a substantial adverse tax effect on holders of the Certificates as such, the successful bidder may, at its option, prior to the tender of the Certificates by the District, be relieved of its obligation to purchase the Certificates and in such case its Deposit will be returned.

DELIVERY AND PAYMENT: Delivery of the Certificates is expected to occur on, but not before, _____, 2020. The Certificates will be delivered to DTC through the Fast Automated Securities Transfer service. The successful bidder shall pay for the Certificates on the date of delivery in Federal Reserve Bank funds or equivalent immediately available funds in California. Payment on the delivery date shall be made in an amount equal to the price bid for the Certificates, less the amount of the Deposit.

ADDITIONAL INFORMATION: Copies of the Official Notice of Sale and Official Form of Bid for Certificates will be furnished to any potential bidder upon request made to the Municipal Advisor,

KNN Public Finance, LLC 1300 Clay Street, Suite 1000, Oakland, California 94612; Attn. Melissa Shick (Phone: (510) 208-8226 / Email: mshick@knninc.com), or Grant Carson (Phone: (510) 208-8212 / Email: gcarson@knninc.com).

Dated: _____, 2020

APPENDIX A

**ISSUE PRICE CERTIFICATE
(IF 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)**

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE OFFICIAL NOTICE OF SALE)

This certificate is being delivered by _____, the purchaser (the “Purchaser”) in connection with the issuance of the Laguna County Sanitation District Sanitation System Revenue Certificates of Participation, Series 2020 (the “Certificates”). The Purchaser hereby certifies and represents that:

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed on the [inside] cover page of the Official Statement in respect of the Certificates dated _____, 2020 (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Certificates used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Certificates. Attached as Schedule A is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Certificates.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Certificates on the terms set forth in the bid form and the Official Notice of Sale, and was not subject to any conditions, except as permitted by the Official Notice of Sale. We confirm that we have an established industry reputation for underwriting new issuances of municipal Certificates.

2. *Defined Terms.*

(a) *Issuer* means the Laguna County Sanitation District.

(b) *Maturity* means principal payment dates with the same credit and payment terms. Certificates with different maturities, or Certificates with the same Maturity but different stated interest rates, are treated as separate Maturities.

(c) *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.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a maturity of the Certificates. The Sale Date of the Certificates is _____, 2020.

(e) *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 Certificates 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

Certificates 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 Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF 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 Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Orrick, Herrington & Sutcliffe LLP, Special Counsel, in connection with rendering its opinion that the interest with respect to the Certificates 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 Certificates.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

**ISSUE PRICE CERTIFICATE
(IF LESS THAN 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)**

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE OFFICIAL NOTICE OF SALE)

This certificate is being delivered by _____, the purchaser (the “Purchaser”) in connection with the execution and delivery of the Laguna County Sanitation District Sanitation System Revenue Certificates of Participation, Series 2020 (the “Certificates”). The Purchaser hereby certifies and represents that:

1. As of the date hereof, other than the Certificates listed on Schedule 1 hereto as undersold maturities (the “Undersold Maturities”), the first price or yield at which at least 10% of each Maturity of the Certificates was sold by the Purchaser to the Public was the price set forth on Schedule 1 hereto.

2. With respect to the Undersold Maturities, the Purchaser agrees to notify the Issuer in writing of the first price or yield at which at least 10% of each such Undersold Maturity is ultimately sold by the Purchaser to the Public as soon as practicable after such applicable sales have occurred. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold by the Purchaser to the Public at any particular price or yield, the Purchaser agrees to notify the Issuer in writing of the amount of the Undersold Maturity sold by the Purchaser to the Public at each of the respective prices or yields at which the Undersold Maturity is sold to the Public.

3. ***Defined Terms.***

(a) *Issuer* means the Laguna County Sanitation District .

(b) *Maturity* means principal payment dates with the same credit and payment terms. Certificates with different maturities, or Certificates with the same Maturity but different stated interest rates, are treated as separate Maturities.

(c) *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.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is _____, 2020.

(e) *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 Certificates 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 Certificates 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 Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF 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 Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Orrick, Herrington &

Sutcliffe LLP, Special Counsel, in connection with rendering its opinion that the interest on the Certificates 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 Certificates.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

