

**OFFICIAL NOTICE INVITING BIDS**

**\$8,320,000\***

**NAPA SANITATION DISTRICT  
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021A**

**NOTICE IS HEREBY GIVEN** that bids for the purchase of \$8,320,000\* aggregate principal amount of the Napa Sanitation District Revenue Certificates of Participation, Series 2021A (the “**Certificates**”) will be accepted only through the Ipreo Parity electronic bid submission system (“**Parity**”) at <https://www.newissuehome.i-deal.com>, as the approved electronic bidding system of Napa Sanitation District (the “**District**”), in accordance with the terms of this Official Notice Inviting Bids (this Official Notice Inviting Bids, together with any modifications or amendments, is referred to herein as the “**Notice Inviting Bids**”). Proposals for the purchase of all, but not less than all, of the Certificates will be received at the place and up to the time described below under the captions “Time for Bids” and “Procedures Regarding Electronic Bidding.”

**I. Time for Bids**

Bids will be received by the District up to 8:30 a.m., Pacific Time, on February 11, 2021 (subject to the provisions described below under the caption “Procedures Regarding Electronic Bidding”), or up to such later time or date as shall be established by the District and publicized via *The Bond Buyer*, *The Bond Buyer Wire*, Bloomberg News Service or Thomson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) (“**Thomson**”). If no legal bid or bids are received for the Certificates on February 11, 2021, bids will be received at the same time and manner that is specified on such other date as shall be designated by the District and communicated through Thomson. Prospective bidders on the Certificates (each, a “**Bidder**”) are urged to watch Thomson for any change in the terms of the sale or the time or date for the receipt of bids.

The District reserves the right to cancel, postpone or reschedule the sale of the Certificates upon notice given through *The Bond Buyer*, *The Bond Buyer Wire*, Bloomberg News Service or Thomson prior to the date and time that bids are to be received. If the sale is postponed, bids will be received at the place set forth above, at the time or date as the District shall determine. If the District postpones or reschedules the sale of the Certificates, notice of the new time and date for the receipt of bids for the Certificates will be given through *The Bond Buyer*, *The Bond Buyer Wire*, Bloomberg News Service or Thomson no later than twenty-three (23) hours prior to the new time that bids are to be received. Failure of any Bidders to receive such notices shall not affect the legality of the sale.

**II. Authorizing Law**

The Certificates will be executed and delivered under: (i) the County Sanitation District Law of the State of California (being Chapter 3 of Part 3 of Division 5 of the Health and Safety Code of the State of California), including in particular Article 4 thereof; (ii) a resolution of the District adopted on February 3, 2021 (the “**Resolution**”); (iii) the Installment Purchase Agreement, dated as of February 1, 2021 (the “**Installment Purchase Agreement**”), by and between the District and the Napa Sanitation District Public Financing Corporation (the “**Corporation**”); and (iv) the Trust Agreement, dated as of February 1, 2021 (the “**Trust Agreement**”), by and among the District, the Corporation and U.S. Bank National Association, as trustee (the “**Trustee**”). Copies of the Resolution, the

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\* Preliminary, subject to change.

Installment Purchase Agreement and the Trust Agreement will be furnished to any potential Bidder upon request made to the Municipal Advisor.

### **III. Purpose of the Issue**

The proceeds from the sale of the Certificates will be used, together with available money of the District: (i) the replacement and rehabilitation of 1.3 miles of 66-inch sewer trunk main from Kaiser Road in the City of Napa to influent pump stations at the Soscot Water Recycling Facility, the District's wastewater treatment plant; and (ii) to pay certain costs of delivery of the Certificates.

### **IV. Security for the Certificates**

Each Certificate represents an undivided interest in Series 2021 Installment Payments to be made by the District under the Installment Purchase Agreement. Pursuant to an Assignment Agreement, dated as of February 1, 2021, by and between the Corporation and the Trustee, the Corporation has assigned substantially all of its right, title and interest in the Installment Purchase Agreement to the Trustee, for the benefit of the Owners of the Certificates, including its right to receive the Series 2021 Installment Payments thereunder and its right to exercise all of the rights and remedies conferred on the Corporation under the Installment Purchase Agreement.

The obligation of the District to make the Series 2021 Installment Payments is a special obligation of the District payable solely from Net Revenues, consisting of Revenues of the District's Wastewater System remaining after the payment of Operation and Maintenance Costs of the District's Wastewater System, and from certain other funds and accounts created under the Installment Purchase Agreement, on a parity with the obligation of the District to make payments under certain District obligations which were outstanding in the aggregate principal amount of up to \$76,286,771 as of June 30, 2020.

See the Preliminary Official Statement dated February 4, 2021 relating to the Certificates (the "**Preliminary Official Statement**").

The Certificates will not be secured by a Reserve Fund.

### **V. Delivery of Certificates in Book-Entry Only Form**

The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). DTC will act as securities depository of the Certificates. Individual purchases will be made in book-entry form only, in integral multiples of \$5,000. The responsible Bidder submitting the best responsive bid considering the coupon interest rate or rates and the purchase price specified in the bid (as further described under Section XVII hereof, the "**Winning Bidder**") will not receive certificates representing its interest in the Certificates purchased. Payments of principal of, premium, if any, and interest on the Certificates are payable in lawful money of the United States of America and will be paid to DTC, which in turn will remit such amounts to the beneficial owners of the Certificates through DTC's Participants, as described in the Preliminary Official Statement. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

## VI. Terms of the Certificates

The Certificates will be dated their date of delivery and will bear interest from the date of the Certificates to the maturity of each of the Certificates at the rate or rates such that the true interest cost (the “**TIC**”) shall not exceed 4.00%. Interest shall be payable semiannually on August 1, 2021 and each February 1 and August 1 thereafter (each, an “**Interest Payment Date**”), until maturity. Principal will be payable at maturity in lawful money of the United States of America upon presentation of each Certificate at the corporate trust office of the Trustee in San Francisco, California or at such other place as shall be acceptable to DTC and the Trustee. The Certificates will mature on August 1 in each of the years set forth in the following schedule:

<i><b>Maturity Date (August 1)*</b></i>	<i><b>Principal Amount*</b></i>
20__	\$

The Certificates will be dated the date of their delivery. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will be executed and delivered as fully registered certificates in integral multiples of \$5,000, in book-entry only form, and will register the Certificates in the name of Cede & Co., as nominee of DTC. See the caption “Delivery of Certificates in Book-Entry Only Form.”

The District will pay interest on the Certificates on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date. “**Record Date**” means, the fifteenth day of each month prior to any Interest Payment Date. The first Record Date is July 15, 2021.

## VII. Prepayment; Serial or Term Certificates\*

**Optional Prepayment.** The Certificates maturing on or after August 1, 20\_\_ are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on \_\_\_\_ 1, 20\_\_ or any date thereafter in the order of maturity as directed by the District in a written request to the Trustee at least 60 days (or such lesser number of days acceptable to the Trustee) prior to such date and by lot within each maturity, in integral multiples of \$5,000 from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount

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\* Preliminary, subject to change.

of the Certificates to be prepaid, plus accrued interest represented thereby to the date fixed for prepayment, without premium.

***Serial or Term Certificates.*** Bidders may provide that all of 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.

## **VIII. Form of Bids**

All bids for the Certificates shall be unconditional and shall be submitted electronically via Parity, pursuant to the procedures described below. All such bids shall be deemed to constitute a submitted bid for the purchase of all of the Certificates (a “**Bid for the Purchase of Certificates**”) and shall be deemed to incorporate by reference all of the terms and conditions of this Notice Inviting Bids. The submission of a bid electronically via Parity shall constitute and be deemed the Bidder’s signature on the Bid for the Purchase of Certificates.

## **IX. Procedures Regarding Electronic Bidding**

Bids shall be submitted electronically via Parity in accordance with this Notice Inviting Bids until 8:30 a.m., Pacific Time, on February 11, 2021. No other provider of Bidder services and no other means of delivery (e.g., telephone, telefax or physical delivery, etc.) will be accepted. The District will not accept any bid for the Certificates received after 8:30 a.m., Pacific Time, on February 11, 2021.

To the extent that any instructions or directions set forth in Parity conflict with this Notice Inviting Bids, the terms of this Notice Inviting Bids shall control. For further information about Parity, potential Bidders may contact the District’s Municipal Advisor, Bobby Cheung, KNN Public Finance, LLC, (510) 208-8214, bcheung@knninc.com (the “**Municipal Advisor**”), or Parity at (212) 849-5023. If a bid for the Certificates is submitted via Parity, the Bidder further agrees that:

(i) Once the bids are communicated electronically via Parity to the District as described herein, each bid will constitute a Bid for the Purchase of Certificates and will be deemed to be an irrevocable offer to purchase the Certificates on the terms provided in this Notice Inviting Bids. If a bid that is submitted electronically by Parity is accepted by the District, the terms of the Bid for the Purchase of Certificates and the Notice Inviting Bids and the information that is electronically transmitted through Parity (including information about the purchase price of the Certificates, the coupon interest rate or rates to be borne by the various maturities of the Certificates, the initial public offering price of each maturity and any other information included in such transmission) shall form a contract and the Winning Bidder shall be bound by the terms of such contract.

(ii) Parity is not an agent of the District or the Corporation, and the District and the Corporation shall have no liability whatsoever based on any Bidder’s use of Parity, including but not limited to any failure by Parity to correctly or timely transmit information provided by the District or the Corporation or information provided by the Bidder.

(iii) The District may discontinue use of electronic bidding via Parity by issuing a notification to such effect via Parity’s Internet website (<https://www.newissuehome.i-deal.com>) by no later than 1:00 p.m. (Pacific Time) on the last business day prior to the date of sale. In such case, a substitute bidding arrangement will be described in an amended Notice Inviting Bids.

(iv) For purposes of submitting bids to purchase the Certificates, the time as maintained on Parity shall constitute the official time. No bid received after the deadline shall be considered. In any case, each bid must be in accordance with the terms and conditions set forth in this Notice Inviting Bids.

(v) Each Bidder shall be solely responsible to make necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with this Notice Inviting Bids. None of the District, the Corporation or Parity shall have any duty or obligation to undertake such registration to bid for any prospective Bidder or to provide or assure such access to any qualified prospective Bidder, and none of the District, the Corporation or Parity shall be responsible for a Bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, Parity. The District is using Parity as a communication mechanism to conduct the electronic bidding for the Certificates. By using Parity, each Bidder agrees to hold the District and the Corporation harmless for any harm or damages caused to such Bidder in connection with its use of Parity for bidding on the Certificates.

(vi) All costs and expenses incurred by prospective Bidders in connection with their submission of bids through Parity are the sole responsibility of the Bidders, and the District and the Corporation are not responsible for any of such costs or expenses.

(vii) Further information about Parity, including registration requirements, may be obtained from:

Parity  
1359 Broadway, 2nd Floor  
New York, New York 10018  
Tel: (212) 849-5023  
Attention: Client Services

(viii) THE USE OF PARITY SHALL BE AT THE BIDDER'S RISK AND EXPENSE, AND NONE OF THE DISTRICT, THE CORPORATION, THEIR RESPECTIVE BOARDS, THE MUNICIPAL ADVISOR OR SPECIAL COUNSEL (AS DEFINED HEREIN), SHALL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER WITH RESPECT TO THE USE OF PARITY. THE BIDDER EXPRESSLY ASSUMES THE RISK FOR ANY INCOMPLETE, INACCURATE OR UNTIMELY BID SUBMITTED VIA PARITY BY SUCH BIDDER, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM DELIVERY VIA PARITY.

## **X. Interest Rates**

Bidders must specify the rates of interest which each maturity of the Certificates bid upon shall bear, provided that: (i) the Certificates bid upon shall bear one interest rate per maturity; (ii) the Certificates bid upon shall represent interest from their delivery date to their stated maturity dates at the interest rates specified in the bid; and (iii) the interest rates specified must be in a multiple of one-eighth or one twentieth of one percent ( $1/8$  or  $1/20$  of 1%). In addition, each bid must state the bid price for such Certificates. The maximum interest rate bid for each maturity shall not exceed 5.00% per annum, and the coupon rate may not be 0%.

## **XI. Bid Price**

Bidders may not bid a price of less than 100% of the aggregate principal amount of the Certificates.

## **XII. Estimate of True Interest Cost**

Bidders are requested (but not required) to supply an estimate of the total TIC to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the Bidder or the District.

## **XIII. Verification of Bids**

All bids are subject to verification and approval by the District. The District has the absolute right, in its sole discretion, to deem final each bid as reported by Parity immediately after the deadline for receipt of bids to be accurate and binding on the Bidder. Information or calculations provided by Parity other than the information required to be provided by the Bidder in accordance with this Notice Inviting Bids is for information purposes only and is not binding on either the Bidder or the District.

## **XIV. Adjustment of Principal Amounts**

The estimated principal amounts of each maturity of Certificates set forth in Section VI hereof reflect certain estimates and assumptions of the District and the Municipal Advisor with respect to the likely interest rates of the winning bid or bids and the premium contained in the winning bid. The principal amortization schedule may be changed prior to the time bids are to be received and if adjustments are made, Bidders must bid on the basis of the adjusted amortization schedule. Such changes, if any, will be communicated through Thomson, not later than 1:00 p.m. Pacific Time, on the business day prior to the bid opening.

Following the determination of the Winning Bidder, an authorized representative of the District (each, an “**Authorized Representative**”), on behalf of the District, reserves the right to change the principal amount of any awarded maturity without limitation during the day of the receipt of bids. Such adjustments may be made in order to create a debt service schedule which accommodates certain preferences of the District in its sole discretion, upon recommendation of the Municipal Advisor. Notice of such adjustment will be given to the Winning Bidder no later than twenty-four (24) hours following receipt of bids. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the Winning Bidder will not be permitted to change the interest rate(s) in its bid(s) for the Certificates.

Subsequent to the adjustment of principal payments, the dollar amount of the purchase price will be changed so that the per certificate compensation to the Winning Bidder (expressed as a percentage of the aggregate principal amount of Certificates) does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts. Any such adjustment will be communicated to the Winning Bidder within twenty-four (24) hours after acceptance of the bids.

**XV. [Reserved].**

**XVI. Right to Reject Bids; Waive Irregularities**

The District reserves the right to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

**XVII. Right to Modify or Amend**

The District reserves the right to modify or amend this Notice Inviting Bids including, but not limited to, the right to adjust and change the aggregate principal amount of the Certificates being offered. Such notifications or amendments shall be made by 1:00 p.m. on the last business day prior to the date the bids are to be received and communicated through *The Bond Buyer*, *The Bond Buyer Wire*, Bloomberg News Service or Thomson. Additionally, the District will cause such amendments to be provided on Parity, to the extent possible.

**XVIII. Award; Deposit**

The Certificates will be awarded to the responsible Bidder submitting the best responsive bid considering the coupon interest rate or rates and the purchase price specified in the bid. The best bid will be the bid that represents the lowest TIC (computed on the basis of a 360-day year consisting of twelve 30-day months) to the District for the Certificates, taking into consideration the interest rates specified and purchase price thereon. The TIC is the discount rate that, when compounded semiannually and used to discount all debt service payments on the Certificates back to the date of delivery of such Certificates, results in an amount equal to the purchase price bid for said Certificates. If two or more Bidders submit identical bids based on the considerations set forth herein, the Certificates will be awarded to the Bidder whose bid was first submitted. 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 an Authorized Representative, as described herein under the caption "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 that multiple bids are received from a single Bidder, the District shall accept the best of such bids, and each Bidder agrees by submitting any bid to be bound by its best bid. Changes in the amortization schedule made as described below will not affect the determination of the Winning Bidder or give the Winning Bidder any right to reject the Certificates.

The District will take action awarding the Certificates or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bid proposals, provided that the award may nonetheless be made after the expiration of the specified time if the Bidder shall not have given to the District notice in writing of the withdrawal of such proposal. Notice of the award will be given promptly to the Winning Bidder.

A good faith deposit (the "**Deposit**") in the amount of \$250,000.00 is required from the Winning Bidder in the form of a wire transfer in immediately available federal funds. Wiring instructions for the Deposit will be provided to the Winning Bidder immediately after the award of the Certificates. The Winning Bidder must submit the Deposit within 90 minutes of award of the Certificates.

No interest on the Deposit will accrue to the Winning Bidder. The Deposit (without accruing interest) of the Winning Bidder will be applied to the purchase price of the Certificates. In the event that the Winning Bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the District, and the Winning Bidder waives any right to claim that actual damages resulting from the failure to honor its accepted bid are less than the amount of the good faith deposit. Any investment income earned on the Deposit will be paid to the Winning Bidder in the event that the District is unable to deliver the Certificates.

#### **XIX. Preliminary Official Statement**

The District will make available electronic copies of the Preliminary Official Statement relating to the Certificates, a copy of which will be furnished upon request made to the District's Municipal Advisor. For the purposes of SEC Rule 15c2-12(b)(1) (the "**Rule**"), the Preliminary Official Statement, together with any supplements thereto, will be in a form "deemed final" by the District, but is subject to revision, amendment and completion in a final version thereof (the "**Official Statement**").

Each Bidder must read the entire Preliminary Official Statement prior to submitting a bid on the Certificates to obtain information essential to the making of an informed decision to bid. This Notice Inviting Bids contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Certificates. The Internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

The Winning Bidder will assume responsibility for taking any action necessary to qualify the Certificates for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the Certificates, and shall indemnify, defend and hold harmless the District, the Corporation and their respective officers and officials from any loss or damage resulting from any failure to comply with any such law. Compliance with Blue Sky laws shall be the sole responsibility of the Winning Bidder, and the Winning Bidder shall pay all fees and disbursements related to the qualification of the Certificates for sale under the securities or Blue Sky laws of various jurisdictions. The District will furnish such information and take such action not inconsistent with law as the Winning Bidder may request and the District shall deem necessary or appropriate to qualify the Certificates 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 Winning Bidder, provided, however, that the District shall not be required to 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 Winning Bidder will not offer to sell, or solicit any offer to buy, the Certificates in any jurisdiction where it is unlawful for such Winning Bidder to make such offer, solicitation or sale, and the Winning Bidder shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions.**



## **XXI. Establishment of Issue Price**

The Winning Bidder shall, within one (1) hour after being notified of the award of the Certificates, advise the Municipal Advisor by electronic transmission or writing by facsimile transmission of the initial public offering prices of the Certificates.

The Winning Bidder shall assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at closing a closing issue price certificate setting forth the reasonably expected initial offering prices to the public, actual initial offering prices 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 Exhibit 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the District and Special Counsel.

In making the representations in the closing issue price certificate, the Winning Bidder must reflect the anticipated existence, if any, of a “derivative product” (e.g., a tender option) offered or to be offered by the Winning Bidder or any affiliate in connection with the initial sale of any of the Certificates. The Winning Bidder must also provide additional information if necessary in the judgment of Special Counsel to determine the issue price of the Certificates.

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 Inviting Bids to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the 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 Inviting Bids.

*Any bid submitted pursuant to this Notice Inviting Bids shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.*

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

If the competitive sale requirements are not satisfied, the District shall so advise the Winning Bidder. In such event, the District shall treat the first price at which 10% of a maturity of the Certificates (the “**10% test**”) is sold to the public as the issue price of that maturity unless the Purchaser has elected on the bid form to apply the “**hold-the-offering price rule**,” as described below, in which case the initial offering price to the public as of the sale date of any maturity of the Certificates will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (or

CUSIP-by-CUSIP in the case of Certificates with the same maturities but different coupons or prices). In the event that the competitive sale requirements are not satisfied, the Winning Bidder shall advise the District if any maturity of the Certificates satisfies the 10% test as of the date and time of the award of the Certificates, and if the Winning Bidder has elected to apply the hold-the-offering-price rule, the Winning Bidder shall notify the District, within one hour of the time of award of the Certificates, as to which maturities of the Certificates satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

The Winning Bidder shall also either: (i) confirm that the underwriters have offered or will offer each maturity of the Certificates to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder; or (ii) if the Winning Bidder has elected to use the hold-the-offering-price rule, the Winning Bidder agrees, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder shall report to the District the status as of the sale date, regarding the underwriters having sold 10% of a maturity of the Certificates to the public at the applicable initial offering price, and within one business day, when the underwriters have sold 10% of a maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The winning bidder shall cooperate with the District and Special Counsel, including by providing requested information to assist in establishing the issue price of the Certificates and compliance with the hold-the-offering-price rule.

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

- (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which any winning bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement to: (A) 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 Winning 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; and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning 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, 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: (A) 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 Winning 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; and (B) require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Winning Bidder or the related underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that 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 Inviting Bids. Further, for purposes of this Notice Inviting Bids:

- (1) “public” means any person other than an underwriter or a related party to an underwriter;
- (2) “underwriter” means: (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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);
- (3) 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
- (4) “sale date” means the date that the Certificates are awarded by the District to the winning bidder.

## **XXII. CUSIP, CDIAC and Other Expenses of the Winning Bidder**

CUSIP numbers will be applied for by the Municipal Advisor and will be printed on the Certificates, but the District assumes no obligation for the assignment or printing of such number on the Certificates or for the correctness of such number, and neither the failure to print such number on the Certificates nor any error with respect thereto shall constitute cause for a failure or refusal by the Winning Bidder thereof to accept delivery of and make payment for said Certificates. Any delay, error or omission with respect thereto will not constitute cause for the Winning Bidder to refuse to accept

delivery of and pay for the Certificates. The cost for the assignment of CUSIP numbers to the Certificates will be the responsibility of the Winning Bidder.

In addition, the Winning Bidder will be required, pursuant to State law, to pay all fees due to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will separately invoice the Winning Bidder for Certificates after the closing of the Certificates. The Winning Bidder will also be responsible for payment of other fees incurred in connection with the delivery of the Certificates, including fees of DTC, the Municipal Securities Rulemaking Board, Securities Industry and Financial Markets Association and similar underwriting fees and charges, if any.

### **XXIII. Delivery**

Delivery of the Certificates will be made to the Winning Bidder on or about February 25, 2021 (the “**Closing Date**”). The Winning Bidder shall pay for the Certificates on the date of delivery in immediately available federal funds. Any expenses of providing federal funds shall be borne by the purchaser. Payment on the delivery date shall be made in an amount equal to the price bid resulting after Adjustment of Principal Amounts for the Certificates, less the amount of the Deposit. The closing will take place at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, 660 Newport Center Drive, Suite 1600, Newport Beach, California 92660 (“**Special Counsel**”).

It is the policy of the District that minority business enterprises (“**MBE**”) and women’s business enterprises (“**WBE**”), and all other business enterprises, shall have any equal opportunity to participate in the performance of District contracts. Bidders are requested to make a good faith effort to involve MBE/WBE and all other business enterprises to ensure that they have equal opportunity to compete for the purchase of the Certificates.

### **XXIV. Closing Documents; Legal Opinions**

Each bid will be understood to be conditioned upon the delivery by the District to the Winning Bidder, without charge, concurrently with payment for and delivery of the Certificates, the following closing documents, each dated the date of such delivery:

(a) Legal Opinions: The opinion or opinions of Special Counsel approving the validity of the Certificates under California law and stating that interest on the Certificates is excluded from gross income for federal income tax purposes pursuant to the Code and exempt from personal income taxes imposed by the State of California is set forth in Appendix C to the Preliminary Official Statement. See the caption “TAX MATTERS” in the Preliminary Official Statement;

(b) Tax Certificate: A certificate of the District stating, among other things, that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(c) Opinions of Counsel/General Counsel: Opinions of counsel to the District and the Corporation, that, to the best knowledge of such counsel after reasonable investigation, there is no litigation threatened or pending affecting the validity of the Certificates;

(d) Certificate Regarding Official Statement: A certificate of an appropriate official of the District to the effect that, as of the date thereof, the final Official Statement does not contain any

untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Winning Bidder through a representative of the Winning Bidder specifically for inclusion therein) and that the financial statements of, and other financial information regarding the District in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth; and

(e) Signature Certificates: Signature certificates of the proper officers and representatives of the District and the Corporation, showing that they have signed the Certificates and other documents, whether by facsimile or by autograph, and that they were respectively duly authorized to execute the same.

## **XXV. Official Statement**

The District shall provide, or cause to be provided, to the Winning Bidder as soon as practicable after the date of award of the Certificates (but, in any event, not later than the earlier of the Closing Date (defined herein) or seven business days after the date of award of the Certificates and in sufficient time to accompany any confirmation requesting payment from any purchaser) copies of the Official Statement in designated electronic format which is complete as of the date of its delivery to the Winning Bidder in order to comply with Section (b)(4) of the Rule (defined below) and the rules of the Municipal Securities Rulemaking Board.

The District, at its discretion, will electronically distribute the Official Statement on any date that is in compliance with the Rule, and at least one business day prior to the delivery of the Certificates. This paragraph will constitute a contract with the successful bidder upon acceptance of their bid by the District, in compliance with the Rule.

The District undertakes that for a certain period of up to twenty-five (25) days following the end of the “underwriting period” as defined in the Rule, it will: (i) apprise the Winning Bidder if any event shall occur, or information comes to the attention of the District that, in the reasonable judgment of the District, is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (ii) if requested by the Winning Bidder, prepare a supplement to the final Official Statement with respect to such event or information. The District will presume, unless notified in writing by the Winning Bidder, that the end of the underwriting period will occur on the date of the delivery of the Certificates.

By making a bid on the Certificates, the Winning Bidder 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, and to file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its EMMA system (as provided by the Rule) within one business day after receipt thereof from the District or its designee, but in any event, no later than the date of Closing; and (ii) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Certificates to the ultimate purchasers.

## **XXVI. Continuing Disclosure**

In order to assist Bidders in complying with the Rule, the District will undertake, pursuant to a Continuing Disclosure Agreement dated the Closing Date, to provide certain annual financial information and notices of the occurrence of listed events enumerated therein. A description of these undertaking and the form of the Continuing Disclosure Agreement are included in the Preliminary Official Statement and will also be set forth in the final Official Statement. The Continuing Disclosure Agreement will be delivered by the District to the Winning Bidder(s) at the time of delivery of the Certificates. See the Preliminary Official Statement under the caption “CONTINUING DISCLOSURE UNDERTAKING” for a discussion of previous compliance with continuing disclosure undertakings by the District.

## **XXVII. Ratings**

S&P Global Ratings has assigned to the Certificates the rating that is set forth in the Preliminary Official Statement.

Dated: February 4, 2021

NAPA SANITATION DISTRICT

By: \_\_\_\_\_  
General Manager

## EXHIBIT 1

### ISSUE PRICE CERTIFICATE

\$ \_\_\_\_\_  
**NAPA SANITATION DISTRICT  
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2021A**

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

[IF 3 BIDS RECEIVED]

#### **A. Issue Price.**

1. On February \_\_, 2021 the Purchaser won on a competitive basis the right to reoffer the Obligations.
2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “**Expected Offering Prices**”), and the Purchaser has offered the Maturities to the public at the Expected Offering Prices. The Expected Offering Prices are the prices for the maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.
3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

#### **B. Defined Terms.**

1. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.
2. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
3. *Related Party* means any entity if an Underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50%

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

4. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is February \_\_, 2021.

5. *Underwriter* means: (i) any person that agrees pursuant to a written contract with the issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

**A. Issue Price.**

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

2. As of the date hereof, the first price at which 10% of each of the Maturities of the Obligations listed on Schedule A as a “10% Test Maturity” was sold to the Public was the Initial Offering Price for such Maturity.

3. EITHER [With respect to the Maturities of the Obligations listed on Schedule A as unsold maturities (the “**Undersold Maturities**”), 10% of each of the Undersold Maturities has not been sold to the Public at any single price. The Purchaser will promptly report to the issuer the first price at which 10% of such Undersold Maturities have been sold to the public. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold to the Public at any particular price, the Purchaser will notify the issuer in writing of the amount of the Undersold Maturity sold to the Public at each respective price] OR [With respect to each of the Maturities of the Obligations listed on Schedule A as a “Hold-The-Offering-Price Maturity,” the Purchaser has agreed that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]



## **B. Defined Terms.**

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

2. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

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

4. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to: (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is February \_\_, 2021.

8. *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

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

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

Dated: February \_\_, 2021

\_\_\_\_\_

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

[IF 3 BIDS]

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

<i><b>Maturity Date (August 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Expected Offering Price</b></i>
	\$	%	%

[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i><b>Maturity Date (August 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Rate</b></i>	<i><b>Initial Offering Price</b></i>	<i><b>General Rule Maturities</b></i>	<i><b>Hold-the- Offering- Price Maturities</b></i>
	\$	%			

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE B**

**PRICING WIRE**