

OFFICIAL NOTICE OF SALE

\$1,900,000*
GRANT ELEMENTARY SCHOOL DISTRICT
(Shasta County, California)
2014 General Obligation Refunding Bonds

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of \$1,900,000* aggregate principal amount of Grant Elementary School District (Shasta County, California) 2014 General Obligation Refunding Bonds (the "Bonds"), will be received by the Grant Elementary School District (the "District") at the time and in the form below specified:

DATE AND TIME: WEDNESDAY, MAY 28, 2014, until 10:00 A.M. (Pacific Daylight time).

SUBMISSION OF BIDS: Bids may be submitted (for receipt not later than the time set forth above) *electronically only* through the I-Deal LLC BiDCOMP™/PARITY® system ("PARITY®"). See "FORM OF BID" herein.

Bidders should be aware that the par amount of the Bonds may be reduced if the refunding of certain maturities of the District's outstanding bonds do not meet its minimum savings goals but in any event may be adjusted to fit the District's refunding requirements. See "ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES" BELOW.

ISSUE; BOOK ENTRY: \$1,900,000* consisting of fully registered bonds, without coupons. The Bonds will be dated as of their date of delivery, expected to be June 10, 2014, and will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

MATURITIES: The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>
2015	\$ 50,000	2022	\$135,000
2016	65,000	2023	155,000
2017	75,000	2024	165,000
2018	75,000	2025	180,000
2019	90,000	2026	205,000
2020	110,000	2027	225,000
2021	115,000	2028	255,000

ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES: The maturity amounts set forth above for the Bonds may be adjusted either upward or downward in order to achieve relatively proportional annual savings and to reduce par to eliminate excess proceeds, if any, due to a premium bid after award of the Bonds has been made to the successful bidder. The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Bonds within 26 hours after the expiration of the time prescribed for the receipt of proposals. Any increase or decrease will be in \$5,000 increments of principal amounts. In the

*Preliminary, subject to change.

event of any such adjustment, no re-bidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. The successful bidder will not be permitted to change the interest rates in its bid.

INTEREST: The Bonds shall bear interest, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 8% per annum, payable semiannually on each February 1 and August 1, commencing February 1, 2015.

PAYMENT: Principal of the Bonds will be payable upon surrender at U.S. Bank National Association, San Francisco, California (the "Paying Agent"). Interest on the Bonds will be payable by check or draft mailed by first class mail to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose.

REGISTRATION: The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of The Depository Trust Company of New York ("DTC"), and the ownership of the Bonds will be registered to the nominee of DTC.

OPTIONAL REDEMPTION: The Bonds maturing on or before August 1, 2021, are non-callable. The Bonds maturing on August 1, 2022, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, as a whole, or in part on or after August 1, 2021 (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, without premium.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on August 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading "MATURITIES," at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

PURPOSE: The Bonds are being issued to (a) refund, on a current basis, the District's outstanding Grant Elementary School District (County of Shasta, California) General Obligation Bonds, Election of 2004, Series 2004, maturing on and after August 1, 2015, and (b) pay for costs of issuance of the Bonds.

SECURITY: The Bonds are general obligations of the District. The Shasta County Board of Supervisors has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property).

RATING: Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, has assigned the rating of "AA- (stable outlook)" to the Bonds. **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.**

MUNICIPAL BOND INSURANCE; BIDDER'S OPTION: The District has applied to Assured Guaranty Municipal Corp. and Build America Mutual Assurance Company (each, a "Municipal Bond Insurer") for a commitment to issue a policy insuring the payment when due of principal of and interest on the Bonds. In the event such a commitment is obtained prior to the sale date, such information will be made available to bidders by the applicable Municipal

Bond Insurer. In the event the District obtains a commitment for municipal bond insurance, each bidder shall have the option to elect whether such insurance will be issued. In the event that the winning bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the bidder, and the District will have no responsibility for payment of such premium and costs.

Bids shall not be conditioned upon the issuance of a municipal bond insurance policy. Subject to the limitations described below, the District will cooperate in any effort to qualify the Bonds for such bond insurance. The District makes no representation as to whether the Bonds will qualify for municipal bond insurance and satisfaction of any conditions to the issuance of a municipal bond insurance policy shall be the sole responsibility of the bidder. In particular, the District will neither amend nor supplement the Resolution in any way nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such policy. FAILURE OF A MUNICIPAL BOND INSURER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF OR PAY FOR THE BONDS. IN THE EVENT OF SUCH FAILURE, THE DISTRICT SHALL AMEND THE OFFICIAL STATEMENT AND THE COST OF PRINTING AND MAILING SUCH SUPPLEMENT SHALL BE BORNE BY THE SUCCESSFUL BIDDER ALONE. The successful bidder must provide the District with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two business days following the award of the bid. The District will require an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy, in form reasonably satisfactory to Bond Counsel and the successful bidder.

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 8% per annum. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. The rate on any maturity or group of maturities shall not be more than 4% higher than the interest rate on any other maturity or group of maturities. Rates must be level or ascending after August 1, 2021 (“base year”).

FORM OF BID; MAXIMUM DISCOUNT: All bids must be for not less than all of the Bonds hereby offered for sale and for not less than the aggregate par amount thereof.

To the extent any instructions or directions set forth in BiDCOMP™/PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP™/PARITY®, bidders may contact KNN Public Finance (the “Financial Advisor”) at (510) 839-8200 or BiDCOMP™/PARITY® at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE DISTRICT, THE FINANCIAL ADVISOR, OR QUINT & THIMMIG LLP (“BOND COUNSEL”) TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP™/PARITY® AND THAT BiDCOMP™/PARITY® IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP™/PARITY® AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE

PROCEDURES OF BiDCOMP™/PARITY®. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP™/PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER THE DISTRICT, THE FINANCIAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AND THE DISTRICT SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP™/PARITY® AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the District. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed to be June 10, 2014) and will be based on the proposed bid amount (par value less any discount or plus any premium). For the purpose of making such determination, it shall be assumed that any Bond designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in his bid the percentage true interest cost to the District, which shall be considered as informative only and shall not be binding on either the bidder or the District. The determination of the best bid by the District's financial advisor shall be binding and conclusive on all bidders.

RIGHT OF CANCELLATION OF SALE BY DISTRICT: The District reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The District reserves the right, in its sole discretion, to modify or amend this official Notice of Sale including, but not limited to, the right to adjust and change the principal amount and principal amortization schedule of the Bonds being offered, however, such modifications or amendments shall be made not later than 10:00 A.M., Pacific Daylight time, on the business day prior to the bid opening and communicated through PARITY®.

RIGHT OF POSTPONEMENT BY DISTRICT: The District reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through the PARITY® prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through PARITY® at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through PARITY® at the time the sale date and time are announced.

RIGHT OF REJECTION: The District reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 10:00 A.M. on the date set for receipt of bids.

PROMPT AWARD: Pursuant to authority granted by the Board of Trustees of the District (the "Board"), the Superintendent, or the Superintendent's designee, will take action

awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of proposals; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that said Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within thirty (30) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

GOOD FAITH DEPOSIT: A good faith deposit ("Deposit") in the form of a certified or cashier's check or a wire transfer, in the amount of \$25,000 payable to the order of U.S. Bank National Association, as paying agent, must be remitted by the winning bidder within 48 hours after the acceptance of its bid. The Deposit shall be cashed by the Paying Agent on behalf of the District and shall then be applied toward the purchase price of the Bonds. If after the award of the Bonds the successful bidder or bidders fail to complete their purchase on the terms stated in their bid, the Deposit will be retained by the District. No interest on the Deposit will accrue to any bidder.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the District furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations, the Bonds are a "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986 and interest on the Bonds is exempt from personal income taxes of the State of California. Other tax consequences to holders of the Bonds, if any, are not addressed in the opinion;

(b) A certificate of the District certifying 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 Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the District, signed by officers and representatives of the District, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the District evidencing the receipt of the purchase price of the Bonds;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the District, signed by an officer of the District, acting in his official capacity, to the effect that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder.

CERTIFICATION OF REOFFERING PRICE: The successful bidder shall be required, as a condition to the issuance of the Bonds, to deliver to the District a certificate, in form and substance satisfactory to Bond Counsel, stating (i) that, as of the date of award, the Bonds were expected to be reoffered in a bona fide public offering, (ii) the initial offering price at which a substantial amount (at least 10%) of each maturity of the Bonds were sold to the public, and (iii) that no Bonds of a single maturity were offered at one price to the general public and at a discount from that price to institutional or other investors.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The District has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to KNN Public Finance, 1300 Clay Street, Suite 1000, Oakland, CA 94612, telephone (510) 839-8200. The District will furnish to the successful bidder within seven business days following the date of award, at no charge, not in excess of 50 copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The District will deliver to the purchaser of the Bonds a certificate of an official of the District, dated the date of Bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the resolution authorizing issuance of the

Bonds and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the preliminary Official Statement and will also be set forth in the final Official Statement.

Dated: May 12, 2014