

OFFICIAL NOTICE OF BOND SALE

GRANTS/CIBOLA COUNTY SCHOOL DISTRICT NO. 1
COUNTY OF CIBOLA, STATE OF NEW MEXICO
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2017 - \$2,000,000

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Education of the Grants/Cibola County School District No. 1 ("Board"), governing body of the Grants/Cibola County School District No. 1 ("District"), Cibola County, New Mexico, will, until the hour of 11:00 a.m., local time, on December 20, 2016, at the office of George K. Baum & Company, 6565 Americas Parkway NE, Suite 860, Albuquerque, New Mexico, receive bids for the purchase of the District's General Obligation School Bonds, Series 2017 ("Bonds"), in the aggregate principal amount of \$2,000,000. Bids may be submitted as a sealed bid or as an electronic bid using the facilities of BiDCOMP/Parity. Submission of bids is further discussed below. The Board will hold a special open meeting at the Earl Chavez Boardroom, Central Office, Grants, New Mexico, on December 20, 2016, at 5:30 p.m., local time, after receipt and opening of such bids, and will award the Bonds, adopt a bond resolution, and consider any other related matters.

For purposes of the written sealed bids, and bids received through the electronic bidding process, the time as maintained by BiDCOMP/Parity shall constitute the official time.

Bids Delivered to the Board:

Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Board of Education, Grants/Cibola County School District No. 1," Attention: Secretary, Board of Education, and delivered to c/o, New Mexico, Attention: Secretary, Board of Education, c/o George K. Baum & Company, 6565 Americas Parkway NE, Suite 860, Albuquerque New Mexico, prior to 11:00 a.m., local time, on December 20, 2016, the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation.

Electronic Bidding Procedures:

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Bond Sale ("Notice"), and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Board. The Board and George K. Baum & Company (District's Municipal Advisor") shall not be responsible for any malfunction or mistake made by or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice shall control. Further information

about PARITY, including any fee charged, may be obtained from BiDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, attention: Customer Support (212) 849-5021.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Board, as described under "BASIS OF AWARD" below. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

THE BONDS

The Bonds will be dated January 26, 2017, the expected date of initial delivery, and will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. The Bonds will be issued in book-entry-only form through the facilities of The Depository Trust Company, New York, New York and beneficial owners will not receive physical delivery of Bond certificates. BOKF, N.A., dba Bank of Albuquerque, Albuquerque, New Mexico, will be the initial paying agent/registrar for the Bonds. The Bonds will mature on October 1 in each of the years and in the principal amounts as follows:

<u>Years</u>	<u>Amount Maturing</u>
2021	\$375,000
2022	405,000
2023	415,000
2024	250,000
2025	250,000
2026	240,000
2027	65,000

Both principal and interest on the Bonds will be payable in lawful money of the United States of America, and the principal of each Bond will be payable at the principal office of the paying agent/registrar for the Bonds. The interest on each Bond shall be payable by check or draft mailed to the respective registered owners thereof at the address as it appears on the registration books of said paying agent/registrar or any successor paying agent/registrar. Said issue constitutes a portion of the bonds which were authorized at a regular election held on February 5, 2013, and are for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes, and will constitute general obligation bonds of the District, payable from general taxes that may be levied without limitation as to rate or amount.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District intends to designate the Bonds as "QUALIFIED TAX-EXEMPT OBLIGATIONS" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended ("Code"). Section 265 of the Code permits the designation of governmental bonds such as these Bonds as qualified tax-exempt obligations based upon certain representations made herein below

(and certain representations by the initial purchaser of the Bonds):

- (a) The Bonds are not private activity bonds;
- (b) The District does not reasonably expect to issue qualified tax-exempt obligations in an aggregate principal amount exceeding \$10,000,000 during calendar year 2017; and
- (c) The District has not and will not designate more than \$10,000,000 in aggregate principal amount of qualified tax-exempt obligations during calendar year 2017.

NO REDEMPTION

The Bonds are not subject to redemption prior to their stated maturities.

PAYMENT OF PURCHASE PRICE

The purchaser will be required to make payment of the balance of the purchase price of the Bonds (after credit for the bidder's good-faith deposit, without interest to the purchaser) in immediately available funds at a depository designated by the District.

INTEREST RATE, BID LIMITATIONS, AND MAXIMUM PREMIUM LIMITATION

Interest on the Bonds will be payable on October 1, 2017 and semi-annually thereafter on April 1 and October 1 in each year until maturity.

The maximum net effective interest rate permitted on the Bonds is ten percent (10%), and no interest rate on any maturity of the Bonds may be greater than ten percent (10%) per annum. It is permissible to bid different or split rates of interest; provided, however, that: (1) no bid shall specify more than one interest rate for each maturity; (2) each interest rate specified must be stated in a multiple of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%) per annum; and (3) the maximum interest rate specified for any maturity may not exceed the minimum interest rate specified for any other maturity by more than two percent (2%).

The Bonds will not be sold for less than par plus accrued interest nor will a premium in excess of two percent (2%) of par be accepted.

Bidders are required to submit a bid specifying the lowest rate or rates of interest and premium, if any, at which such bidder will purchase the Bonds. For informational purposes only, each bidder is requested to specify the True Interest Cost on the Bonds stated as a nominal annual percentage rate (see "BASIS OF AWARD" below). Only unconditional bids shall be considered. Bids should be submitted on the Official Bid Form, which may be obtained from the District's Municipal Advisor (see "FURTHER INFORMATION" below).

INSURANCE

The District may apply for municipal bond insurance for payment of principal of and interest on the Bonds. If the Bonds are approved for municipal bond insurance, the Bonds may be insured at the bidder's request and expense; and if the successful bidder desires that a legend be printed on the Bonds stating they are insured, the form of such legend and a written request that it be printed on the Bonds must be received by the District's Municipal Advisor, identified under "Further Information" below, within forty-eight (48) hours of the award of the Bonds to the successful bidder. At the delivery of the Bonds, the bidder is required to provide documentation to the District confirming that the premiums due the insurance company and any rating agency fees (other than the fee of Moody's Investors Service, which will be paid by the District) have been fully paid.

BASIS OF AWARD

The Bonds will be awarded to the best bidder, considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Board to reject any and all bids and re-advertise. The best bid will be determined and will be awarded on the basis of the True Interest Cost of the Bonds (i.e., using a True Interest Cost method) for each bid received, and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. "True Interest Cost" of the Bonds, as used herein, means that yield, which if used to compute the present worth, as of the date of the Bonds, of all payments of principal and interest to be made on the Bonds, from their date to their respective maturity dates, as specified in the maturity schedule and without regard to the possible optional prior redemption of the Bonds, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year consisting of twelve 30-day months and a semiannual compounding interval. The purchaser must pay accrued interest from the date of the Bonds to the date of delivery. **The Bonds will not be sold for less than par plus accrued interest nor will a premium in excess of two percent (2%) of par be accepted.** The District reserves the right to waive any irregularity or informality in any bid, except time of filing.

GOOD FAITH DEPOSIT

All bids shall be sealed except bids received by electronic transmission and, except for any bid of the State of New Mexico, if one is received, (i) shall include a good faith deposit of \$40,000 in the form of cash, cashier's or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States of America and payable to the "Grants/Cibola County School District No. 1" which must accompany any bid or be submitted prior to the submission of such bid or (ii) not later than 2:30 p.m., prevailing Mountain time, on December 20, 2016, and prior to the official award of the Bonds, the successful bidder must send an electronic wire transfer to such account as the District shall specify in immediately available funds a good faith deposit of \$40,000. (If such wire transfer is not received from the successful bidder by 2:30 p.m., prevailing Mountain time, on December 20, 2016, the next best bidder may be awarded the Bonds.) No interest on such good faith deposit will accrue to the successful

bidder. The good faith deposit will be applied to the purchase price of the Bonds.

The good faith deposit shall be returned for all non-successful bids or if no bid is accepted. If the successful bidder shall fail or neglect to complete the purchase of said Bonds within forty-five (45) days following the acceptance of the bid or within ten (10) days after the bonds are offered for delivery, whichever is later, the amount of the deposit shall be forfeited to the District as liquidated damages and, in that event, the Board may accept the bid of the one making the next best bid. If all bids are rejected, the Board shall re-advertise said Bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the Board shall determine which bid shall be accepted.

TIME OF AWARD AND DELIVERY

The Board will take action awarding the Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of the bids. Delivery of the Bonds will be made to the successful bidder through the facilities of The Depository Trust Company, New York, New York, within forty-five (45) days of the acceptance of the bid. If for any reason delivery cannot be made within forty-five (45) days, the successful bidder shall have the right to purchase the Bonds during the succeeding ten (10) days upon the same terms, or at the request of the successful bidder, during said succeeding ten (10) days, the good-faith deposit will be returned, and such bidder shall be relieved of any further obligation. The successful bidder shall make final payment for the Bonds in immediately available funds to the District for immediate and unconditional credit to the account of the District. It is anticipated that the delivery of the Bonds will be on or about January 26, 2017.

FURTHER INFORMATION

Information concerning the Bonds, information regarding electronic bidding procedures, bid submission and other matters related to the Bonds, may be obtained from the District's Municipal Advisor, George K. Baum & Company, 6565 Americas Parkway NE, Suite 860, Albuquerque, New Mexico 87110. This Notice, the Official Bid Form and the Preliminary Official Statement are available for viewing in electronic format at www.emma.msrb.org. The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. In addition, any NASD registered broker-dealers or dealer banks with The Depository Trust Company clearing arrangements who bid on the Bonds are advised that they may either: (a) print out a copy of the Preliminary Official Statement on their own printer or (b) at any time prior to the sale date, elect to receive a photocopy of the Preliminary Official Statement in the mail by requesting it from the District's Municipal Advisor. All bidders must review the Preliminary Official Statement, and by submitting a bid for the Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

The District will agree in the resolution authorizing the Bonds to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 ("Rule"), as described in the Official Statement under "Continuing Disclosure of Information." The Purchaser's obligation to accept and pay for the Bonds is

conditioned upon the delivery to the Purchaser or its agent of a certified copy of the resolution authorizing the Bonds containing the agreement described under such heading.

The Preliminary Official Statement is deemed final by the District for purposes of Rule 15c2-12(b)(1) except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in the winning bid, ratings, other terms of the securities depending on such matters, and the identity of the purchaser. The Board will furnish to the successful bidder or bidders, acting through a designated senior representative, in accordance with instructions received from such successful bidder(s) in order to comply with the Rule, within seven (7) business days from the sale date an electronic copy of the final Official Statement, reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of preparation of the Official Statement shall be borne by the District except for the cost of any final Official Statement in excess of the electronic copy specified shall be borne, prepared, and distributed by the successful bidder(s).

LEGAL OPINIONS

The New Mexico Attorney General's written approval of the Bonds, as to form and legality, will be supplied. In addition, the legality of the Bonds will be approved by Cuddy & McCarthy, LLP, Attorneys at Law, Santa Fe, New Mexico, and Law Offices of Robert M. Strumor, LLC, Attorneys at Law, Santa Fe, New Mexico ("District's Co-Bond Counsel"), whose opinions approving the legality of the Bonds will be furnished at no cost to the successful bidder. The opinions will state in substance that the issue of the Bonds in the amount aforesaid is valid and legally binding upon the District, that all of the taxable property in the District is subject to the levy of a tax to pay the same without limitation of rate or amount, and that interest on the Bonds is excludable from gross income for purposes of federal income tax.

CERTIFICATION OF OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the successful bidder will be furnished a certificate, executed by proper officers of the District, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to District contained in the final Official Statement, and any addenda, supplement or amendment thereto, on the date of the final Official Statement, on the date of sale of the Bonds and the acceptance of the bids therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, the final Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such final Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of District since the date of the last audited financial statements of the District.

