

NOTICE OF SALE
\$135,645,000*
SIOUX FALLS SCHOOL DISTRICT 49-5
MINNEHAHA AND LINCOLN COUNTIES, SOUTH DAKOTA
GENERAL OBLIGATION BONDS, SERIES 2018A

NOTICE IS HEREBY GIVEN that the Series 2018A Bonds will be offered for sale according to the following terms:

Date, Time and Place: Electronic bids will be received by the Business Manager, Sioux Falls School District 49-5, Sioux Falls, South Dakota for all but no part of its \$135,645,000* GENERAL OBLIGATION BONDS, SERIES 2018A (the "Series 2018A Bonds") in the office of the District's Municipal Advisor Dougherty & Company, LLC, 110 South Phillips, Suite 203, Sioux Falls, South Dakota 57104-6727, until 10:00 a.m. (Central Time) on November 28, 2018. The bid offering to purchase the Series 2018A Bonds upon the terms specified herein and most favorable to the District will be accepted unless all bids are rejected. No bid may be altered or withdrawn after the time appointed for opening bids. All bidders are advised that each bid shall be deemed to constitute a contract between the bidder and the District to purchase the Series 2018A Bonds.

Submission of Bid: Neither the District nor Dougherty & Company will assume any liability for the inability of the bidder to reach Dougherty & Company LLC prior to the time of sale specified above.

Electronic Bids. Notice is hereby given that only electronic bids will be received via PARITY®. The time as maintained by PARITY® shall constitute the official time with respect to all bids. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Notice of Bond Sale (the "Notice").* The District, its agents and PARITY® shall not have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and the District, its agents and PARITY® shall not be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The District is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2018A Bonds, and PARITY® is not an agent of the District.

If any provisions of this Notice conflict with information provided by PARITY®, this Notice shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, (212) 849-5021.

All bids must be made on the Official Bid Form, which is accessed through the above referenced electronic bidding system. If a bidder is unable to connect to the system, no additions or alterations to such forms shall be made. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Official Bid Form. For information purposes only, bidders are requested to state in their electronic bids the net interest costs and true interest cost to the District, as described in this Notice of Sale and in the written form of Official Bid Form attached hereto as Exhibit B.

* Preliminary, subject to change

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). All Series 2018A Bonds of the same maturity shall bear the same interest rate. No bid for less than \$135,238,065 will be considered.

Award: Proposals will be compared on the basis of true interest cost. The proposal offering the lowest true interest cost will be deemed most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Series 2018A Bonds, produces an amount equal to the purchase price. If two or more proposals provide the same lowest true interest rate, the District shall determine which bid shall be accepted, and such determination shall be final. In the event of a tie, the sale of the Series 2018A Bonds will be awarded by lot.

The District anticipates the award by the President of the School Board for the District will by 12:00 PM on November 28, 2018. Upon award of the Series 2018A Bonds, the successful proposer shall advise the District of the initial reoffering price to the public of the Series 2018A Bonds. The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

The District reserves the right to reject any and all proposals, to waive any informality in any proposal and to adjourn the sale.

Good Faith Deposit: A good faith deposit (Deposit) in the amount \$1,356,450 is required of the **lowest bidder**. The lowest bidder for the Series 2018A Bonds is required to submit such deposit in the form of a wire transfer as instructed by Dougherty & Company LLC not later than **2:00 P.M. Central Time on the day of the sale** of the Series 2018A Bonds. If the Deposit is not so received, the bid of the lowest bidder will be rescinded and the District may direct the next lowest bidder to submit a Deposit and thereafter may award the sale of the Series 2018A Bonds to the same. The deposit of the successful bidder shall constitute a good faith deposit and shall be retained by the District to insure performance of the requirements of the sale by the successful bidder and no interest shall be allowed thereon. In the event the successful bidder shall fail to comply with the terms of its bid, the good faith deposit will be forfeited as full and complete liquidated damages. Upon delivery of the Series 2018A Bonds, the good faith deposit will be applied to the purchase price of the Series 2018A Bonds.

Terms of the Series 2018A Bonds: The Series 2018A Bonds will be dated day of delivery and will mature on August 1 in the years and principal amounts as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount</u>
8/01/2029	\$ 980,000	8/01/2037	\$ 9,685,000
8/01/2030	7,320,000	8/01/2038	10,085,000
8/01/2031	7,620,000	8/01/2039	10,495,000
8/01/2032	7,930,000	8/01/2040	10,925,000
8/01/2033	8,255,000	8/01/2041	11,370,000
8/01/2034	8,590,000	8/01/2042	11,830,000
8/01/2035	8,940,000	8/01/2043	12,315,000
8/01/2036	9,305,000		

Interest on said Series 2018A Bonds will be payable semi-annually on August 1 and February 1 of each year commencing on August 1, 2019.

Adjustments to Principal Amounts after Determination of Best Bid: The aggregate principal amount of the Series 2018A Bonds, and each scheduled maturity thereof, are subject to increase or reduction in multiples of \$5,000 by the District or its designee after the determination of the successful

Bidder. Such adjustments shall be made in the sole discretion of the District or its designee provided that the District or its designee shall only make such adjustments in order to size the Series 2018A Bonds to establish a debt service structure that is acceptable to the District.

The dollar amount of the purchase price proposed by the successful Bidder will be changed if the aggregate principal amount of the Series 2018A Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Series 2018A Bonds is increased or reduced; provided that the District's Municipal Advisor will make every effort to ensure that the net compensation to the successful Bidder as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

Optional Redemption Provisions: The Series 2018A Bonds maturing on or after August 1, 2027 and later years shall be subject to redemption and prepayment at the option of the District on August 1, 2026 or on any date thereafter, in whole or in part, in such order of maturity dates as shall be determined by the District, and if in part within a maturity, then by lot, at a price of par plus accrued interest to the date of redemption.

Term Bonds at Purchaser's Option: Bids for the Series 2018A Bonds may contain a maturity schedule providing for any combination of serial Series 2018A Bonds and term Series 2018A Bonds so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Purpose and Security: The Series 2018A Bonds are being issued by the District pursuant to a Resolution adopted by the District (the "Resolution") on October 22, 2018 to fund a new high school, a new middle school, a new elementary school, additions and expansions to existing school facilities, land purchases, other School District improvements, furnishing and equipping same and financing costs of issuance. The Series 2018A Bonds are issuable as fully registered Bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2018A Bonds. Purchases will be made in book-entry form only through DTC participants in the denomination of \$5,000 principal amount, or any integral multiple thereof, and no physical delivery of the Series 2018A Bonds will be made to the purchaser. Payments of principal and interest will be made to purchasers by DTC through its participants, all as more fully described in the Preliminary Official Statement, and the resolution authorizing the issuance of the Series 2018A Bonds (the "Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Resolution. It shall be the obligation of the successful bidder to take any action required of an underwriter by DTC.

Delivery: It is expected that delivery of the Bonds will be made to the Paying Agent under DTC's Fast Automated Transfer (FAST) program without cost to the bidder. Delivery of the Bonds will be made on or about December 13, 2018. Payment at the time of delivery must be made in federal or other immediately available funds.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Meierhenry Sargent LLP, Sioux Falls, South Dakota. A transcript, in digital format, of the proceedings relative to the issuance of the Series 2018A Bonds will be furnished to the successful bidder without cost. A Continuing Disclosure Undertaking will be delivered at closing setting forth the details and terms of the District's undertaking and such Undertaking is a condition of closing.

CUSIP Numbers: If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser

Establishment of Issue Price:

(a) The winning bidder shall assist the District in establishing the issue price of the Series 2018A Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2018A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Series 2018A Bonds may be taken on behalf of the District by the District’s Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District’s Municipal Advisor.

(b) 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 Series 2018A Bonds) will apply to the initial sale of the Series 2018A Bonds (the “Competitive Sale Requirements”) because:

(i) the District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) 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

(iv) the District anticipates awarding the sale of the Series 2018A Bonds to the bidder who submits a firm offer to purchase the Series 2018A Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2018A Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat the first price at which 10% of a maturity of the Series 2018A Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Series 2018A Bonds satisfies the 10% test as of the date and time of the award of the Series 2018A Bonds. The District will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Series 2018A Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Series 2018A Bonds will be subject to the 10% test in order to establish the issue price of the Series 2018A Bonds.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the bonds, the winning bidder agrees to promptly report to the District the prices at which the unsold Series 2018A Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2018A Bonds of that maturity or until all Series 2018A Bonds of that maturity have been sold.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling

group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Series 2018A Bonds 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 Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public, 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 Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2018A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Series 2018A Bonds 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 Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any Series 2018A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2018A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018A Bonds to the public),

(iii) a purchaser of any of the Series 2018A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Series 2018A Bonds are awarded by the District to the winning bidder.

Official Statement: The District has prepared a Preliminary Official Statement dated November __, 2018, which the District deems to be a Preliminary Official Statement as that term is defined in Rule 15c2-12 of the Rule. The Preliminary Official Statement may be accessed or downloaded from the following website: www.i-dealprospectus.com. By awarding the Series 2018A Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the District agrees that, no more than seven (7) business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Series 2018A Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

The Preliminary Official Statement, when amended to reflect the actual amount of the Series 2018A Bonds sold, the interest rates specified by the successful bidder and the price or yield at which the successful bidder will reoffer the Series 2018A Bonds to the public, together with any other information

required by law, will constitute a “Final Official Statement” with respect to the Series 2018A Bonds as that term is defined in Rule 15c-2-12.

Undertaking to Provide Continuing Disclosure: The District will covenant to undertake to provide annual reports and timely notice of certain events in accordance with SEC Rule 15c2-12. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the District, a description of which is included as Appendix F in the Preliminary Official Statement and in the Official Statement. Bidder’s attention is called to Continuing Disclosure in the Preliminary Official Statement relative to prior Continuing Disclosure compliance.

Irregularities: The District reserves the right to reject any and all bids and to waive any and all irregularities.

Modification of Notice of Sale: This Notice of Sale including the attached Bid Form may be modified by the District posting the modification on <http://www.i-dealprospectus.com> and bidders may obtain copies from the same.

Information: Copies of the Preliminary Official Statement and additional information regarding the Series 2018A Bonds or submission of proposals may be obtained by addressing inquiries to:

Dougherty & Company LLC, 110 South Phillips, Suite 203, Sioux Falls, South Dakota 57104-6727, Attention: Thomas Grimmond (605) 339-9800 or Ray Woodsend (605) 339-9800. Additional information relating to the District may be obtained from the undersigned.

Todd Vik
Business Manager
Sioux Falls School District 49-5
201 E. 38th Street
Sioux Falls, South Dakota 57105
Phone: (605) 367-7909

EXHIBIT A TO NOTICE OF SALE

\$ _____

SIOUX FALLS SCHOOL DISTRICT 49-5, SOUTH DAKOTA GENERAL OBLIGATION BONDS, SERIES 2018A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ ("_____"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Series 2018A Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2018A Bonds to the Public by _____ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Series 2018A Bonds used by _____ in formulating its bid to purchase the Series 2018A Bonds. Attached as Schedule B is a true and correct copy of the bid provided by _____ to purchase the Series 2018A Bonds.

(b) _____ was not given the opportunity to review other bids prior to submitting its bid.¹

(c) The bid submitted by _____ constituted a firm offer to purchase the Series 2018A Bonds.

2. Defined Terms.

(a) *Maturity* means Series 2018A Bonds with the same credit and payment terms. Series 2018A Bonds with different maturity dates, or Series 2018A Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2018A Bonds. The Sale Date of the Series 2018A Bonds is _____.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2018A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018A Bonds to the Public).

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents _____'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Series 2018A Bonds, and by Meierhenry Sargent LLP in connection with rendering its opinion that the interest on the Series 2018A Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2018A Bonds.

For the purpose of enabling the Issuer to file the Information Report Form 8038-G with respect to the Series 2018A Bonds, the issue price (excluding accrued interest, however) of the Series 2018A Bonds is \$_____.

By: _____

Name: _____

Dated: _____

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT B TO NOTICE OF SALE

BID FORM

Sioux Falls School District 59-5, South Dakota

Sale Date: November 28, 2018

For all or none of the principal amount \$135,645,000* Sioux Falls School District 49-5 South Dakota, General Obligation Bonds, Series 2018A, legally issued and as described in the Notice of Sale, we will pay the District \$_____ (not less than \$135,238,065), provided the Series 2018A Bonds bear the following interest rates:

<u>Due</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Due</u>	<u>Amount*</u>	<u>Interest Rate</u>
8/01/2029	\$ 980,000	_____ %	8/01/2037	9,685,000	_____ %
8/01/2030	7,320,000	_____ %	8/01/2038	10,085,000	_____ %
8/01/2031	7,620,000	_____ %	8/01/2039	10,495,000	_____ %
8/01/2032	7,930,000	_____ %	8/01/2040	10,925,000	_____ %
8/01/2033	8,255,000	_____ %	8/01/2041	11,370,000	_____ %
8/01/2034	8,590,000	_____ %	8/01/2042	11,830,000	_____ %
8/01/2035	8,940,000	_____ %	8/01/2043	12,315,000	_____ %
8/01/2036	9,305,000	_____ %			

We hereby designate that the following bonds be aggregated into term bonds maturing on August 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

The Series 2018A Bonds mature on August 1, of the years indicated above and interest is payable August 1 and February 1 of each year, commencing August 1, 2019.

In making this offer, we accept the terms and conditions as defined in the Notice of Sale published in the Preliminary Official Statement dated _____, 2018. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$1,356,450 will be filed according to the Notice of Sale.

* Following the receipt of the bids, the District reserves the right to adjust the principal amount and maturity amounts of the Series 2018A Bonds. If the principal amount or maturity amounts are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2018 Bonds to the public and the price to be paid to the District (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Series 2018A Bonds) remains constant.

NOT PART OF THIS BID:

Explanatory Note: According to our computation, this proposal involves the following:

\$ _____

Net Interest Cost

_____ %

True Interest Cost

Respectfully submitted,

Account Manager

By _____

(A list of the firms associated with us in this proposal is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of Sioux Falls School District 49-5, South Dakota, this ____th day of _____, 2018.

President, Sioux Falls School District 49-5

Business Manager, Sioux Falls School District 49-5