
OFFICIAL NOTICE OF SALE

\$ _____*

**Certificates of Participation
(2016 Financing Project)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Installment Payments to be Made by the
MID-PENINSULA WATER DISTRICT
(San Mateo County, California)
As the Purchase Price for Certain Property Pursuant to an
Installment Sale Agreement with the
Public Property Financing Corporation of California**

NOTICE IS HEREBY GIVEN that *electronic bids only* will be received by representatives of the Mid-Peninsula Water District (the "District") for the purchase of \$ _____* aggregate principal amount of Certificates of Participation (2016 Financing Project) (the "Certificates"), evidencing the direct, undivided fractional interests of the owners thereof in installment payments (the "Installment Payments") to be made by the District as the purchase price for certain property pursuant to an installment sale agreement (the "Installment Sale Agreement") with the Public Property Financing Corporation of California (the "Corporation"), more particularly described below.

DATE AND TIME: TUESDAY, NOVEMBER 15, 2016, 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. See "FORM OF BID" herein.

ISSUE; BOOK ENTRY: The Certificates will be dated as of their date of delivery and will be executed and delivered in fully registered form, without coupons, in the denomination of \$5,000 each or any whole multiple thereof, pursuant to the Trust Agreement, dated as of December 1, 2016 (the "Trust Agreement"), by and among the District, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as approved by a resolution of the Board of Directors of the District, adopted on October 11, 2016 (the "Resolution"). The Certificates will be executed and delivered in a book entry-only system with no physical distribution of the Certificates made to the public. The Depository Trust Company ("DTC"), will act as depository for the Certificates which will be immobilized in its custody. The Certificates 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 Certificates. Reference is made to the Trust Agreement for further details regarding the terms and provisions of the Certificates.

MATURITIES: The Certificates will mature, or be subject to mandatory sinking fund redemption, on December 1, in the years 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 Certificates will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

| Maturity Date (December 1) | Principal Amount* | Maturity Date (December 1) | Principal Amount* |
|-------------------------------|----------------------|-------------------------------|----------------------|
|-------------------------------|----------------------|-------------------------------|----------------------|

*Preliminary, subject to change.

ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES: The maturity amounts set forth above for the Certificates may be adjusted either upward or downward in order to achieve approximately equal annual savings after award of the Certificates has been made to the successful bidder. The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Certificates within 6 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 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: Interest with respect to the Certificates, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 12% per annum, will be payable semiannually on each June 1 and December 1, commencing June 1, 2017.

PAYMENT: Principal of the Certificates will be payable upon surrender to the Trustee. Interest with respect to the Certificates 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 Trustee for such purpose.

OPTIONAL REDEMPTION: The Certificates maturing on or before December 1, 2026, are not subject to optional redemption prior to maturity. The Certificates maturing on and after December 1, 2027, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the District (or, if the District shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, on or after December 1, 2026, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Installment Payments made by the District pursuant to the Installment Sale Agreement.

REDEMPTION FROM NET PROCEEDS OF INSURANCE OR EMINENT DOMAIN

AWARD: The Certificates are subject to mandatory redemption in whole on any date or in part, on any Interest Payment Date from the net proceeds of an insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Installment Payments by the District pursuant to the Installment Sale Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Certificates will consist of term Certificates 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 Certificates will be term Certificates, such term Certificates will be subject to mandatory sinking fund redemption on December 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 proceeds of the Certificates will be applied by the District to provide funds to (a) finance capital improvements to the water system (the "Water System") owned and operated by the Mid-Peninsula Water District (the "District"), and (b) pay costs incurred in connection with executing and delivering the Certificates.

SECURITY: The Certificates represent direct, undivided fractional interests in Installment Payments. The District is obligated under the Installment Sale Agreement to pay Installment Payments from Net Revenues (as such term is defined in the Installment Sale Agreement) of the Water System and certain other sources, all as provided in the Installment Sale Agreement. The obligation of the District to pay the Installment Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

THE OBLIGATION OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO PAY INSTALLMENT PAYMENTS CONSTITUTES A DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA.

RATING: S&P Global Ratings has assigned the underlying rating of "___" to the Certificates. **The cost of obtaining such rating will be borne entirely by the District and not by the successful bidder.**

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 12% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%). No Certificate shall bear more than one interest rate, and all Certificates of the same maturity shall bear the same rate. Each Certificate 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. Interest rates shall be level or ascending as compared to the previous maturity.

FORM OF BID; MAXIMUM DISCOUNT: All bids must be for not less than all of the Certificates hereby offered for sale and for not less than 99% of the aggregate par amount thereof. The amount of any discount specified in any bid shall not exceed 1% of the aggregate principal amount of the Certificates. There is no limit to any premium offered.

Electronic Bids. 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 Wulff, Hansen & Co., Attention: Bud Levine (the "Municipal Advisor"), at (415) 421-8900 or BiDCOMP/PARITY[®] at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE AND COMPLETE. NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR, OR QUINT & THIMMIG LLP ("SPECIAL COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE, ILLEGIBLE 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 MUNICIPAL ADVISOR AND SPECIAL 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 Certificates will be awarded to the responsible bidder or bidders offering to purchase the Certificates 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 Certificates (assumed to be December 1, 2016) 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 Certificate designated as term certificates 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 Municipal 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 Certificates. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the

Certificates to be communicated through the *Bond Buyer Wire* 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 Certificates.

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 Certificates being offered, however, such modifications or amendments shall be made not later than 10:00 A.M., California time, on the business day prior to the bid opening and communicated through the *Bond Buyer Wire*.

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 *Bond Buyer Wire* not later than 10:00 A.M., California time, on the business day prior to any announced date for receipt of bids. If any date is postponed, any alternative sale date will be announced through the *Bond Buyer Wire* 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 Certificates 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 the *Bond Buyer Wire* 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, the District General Manager, or the District General Manager's designee, will take action awarding the Certificates or rejecting all bids not later than six (6) 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 Certificates will be delivered to DTC for the account of the successful bidder within twenty (20) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Certificates if the Certificates are not tendered for delivery within sixty (60) 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 \$100,000 payable to the order of the Trustee, must be remitted by the winning bidder within 24 hours after the acceptance of its bid (wire instructions to be provided). The Deposit shall be cashed by the Trustee on behalf of the District and shall then be applied toward the purchase price of the Certificates. If after the award of the Certificates 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 Certificates are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Certificates 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; CERTIFICATE 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 Certificates, the following closing papers, each dated the date of delivery:

(a) The opinion of Quint & Thimmig LLP, Larkspur, California, Special Counsel, approving the validity of the Certificates and stating that, subject to the District's compliance with certain covenants, the portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates 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 Special Counsel expresses no opinion as to whether the portion of the Installment Payments designated as and comprising interest is taken into account in computing adjusted current earnings which is used in determining the federal alternative minimum tax for certain corporations and the portion of the Installment Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California. Other tax consequences to holders of the Certificates, 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 Certificates will be used in a manner that would cause the Certificates 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 Certificates 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 Certificates;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Certificates; 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 Certificates, and at all times subsequent thereto up to and including the time of the delivery of the Certificates, the Official Statement relating to the Certificates 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 Certificates, but neither the failure to print such numbers on any Certificate 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 Certificates in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Certificates 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 Certificates, to deliver to the District a certificate, in form and substance satisfactory to Special Counsel, stating (i) that, as of the date of award, the Certificates 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 Certificates were sold to the public, and (iii) that no Certificates 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 Certificates shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The District has caused to be prepared a Preliminary Official Statement describing the Certificates 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 Wulff, Hansen & Co., 351 California Street, Suite 1000, San Francisco, CA 94104, Attention: Bud Levine, telephone (415) 421-8900. The District will furnish to the successful bidder within seven business days following the date of award, at no charge, not in excess of fifty (50) copies of the Official Statement for use in connection with any resale of the Certificates.

DISCLOSURE CERTIFICATE: The District will deliver to the purchaser of the Certificates a certificate of an official of the District, dated the date of delivery of the Certificates, 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 Certificates to rely upon the Official Statement in connection with the resale of the Certificates. The District has never failed to provide annual reports or notices of material events.

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 Certificates 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: October 31, 2016