

NOTICE OF SALE

CITY OF ITHACA

TOMPKINS COUNTY, NEW YORK

\$135,000 Bond Anticipation Notes, 2012 Series B (Federally Taxable Series)

Telefax (315-752-0057), telephone (315-752-0051, **Ext. 1**) or written bids will be received and considered by the undersigned City Controller of the City of Ithaca, Tompkins County, New York, at the offices of Fiscal Advisors & Marketing, Inc., 120 Walton Street • Suite 600, Syracuse, New York 13202 until **11:00 A.M.**, Prevailing Time, on the **9th day of February, 2012** for the purchase at not less than par and accrued interest of \$135,000 Bond Anticipation Notes, 2012 Series B (Federally Taxable Series) of said City dated February 15, 2012 and maturing on February 15, 2013, without the right of prior redemption. Interest on the Notes will be payable on February 15, 2013.

The Notes will be valid and legally binding general obligations of the City, all the taxable real property within which will be subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. The City will pledge its faith and credit for the payment of the principal of the Notes and interest thereon. Principal and interest on the Notes are payable at maturity in lawful money of the United States of America (Federal Funds).

The purchaser shall have the option of having the Notes issued in bearer certificated form or in the form of book-entry-only notes registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. If the Notes are issued in bearer form, principal of and interest on the Notes will be payable at such bank or trust company authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, are to be paid by the purchaser. Notes issued in bearer form will be issued in the denomination of \$5,000 each or multiples thereof, as may be designated by the purchaser.

If the purchaser requests the Note they purchased to be issued in book-entry registered form, the City will act as Paying Agent for the Notes. If the purchaser requests the Notes they purchased to be issued in bearer form, the purchaser will act as or name the Paying Agent for the Notes. The City's contact information is as follows: Steven Thayer, City Controller, Ithaca City Hall, 108 East Green Street, Ithaca, New York 14850, Phone: (607) 274-6577, Telefax: (607) 272-7348, email: stevet@cityofithaca.org.

Each bid must be for all of said Notes and state a single rate of interest therefor in a multiple of 1/100 or 1/8 of one per centum per annum. Interest will be calculated on the basis of a 360-day year and a 30-day month. All or none bids will be rejected.

Said Notes will be awarded to the bidder offering the lowest net interest cost, that being the rate of interest which will produce the least interest cost over the life of the Notes, after accounting for the premium offered, if any. If two or more bids offering to purchase the Notes at the same lowest net interest rate are received, an award will be made by lot from among such lowest bids. The right is reserved by the City to reject all bids.

The Notes will be delivered New York City, or as may be agreed with the purchaser(s) on or about February 15th, 2012. The purchase price of said Notes, in accordance with each purchaser's bid, shall be paid in Federal Funds or other funds available for immediate credit on said delivery date.

If the purchaser notifies Bond Counsel by 3:00 o'clock P.M., Prevailing Time on the date of sale, such Note may be issued in the form of a book-entry-only note, in a denomination corresponding to the principal amount of the Note bearing the rate of interest and CUSIP number. In the event that the purchaser choose such DTC registered notes, as a condition to delivery of the Notes, the successful bidder will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, ("DTC") New York, New York, and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the City) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the City by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

CUSIP identification numbers will be printed on the Notes if the purchaser provides bond counsel with such numbers by telefax or any other mode of written communication (verbal advice will not be accepted) by 3:00 P.M. on the date of sale of the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser(s) thereof to accept delivery of and pay for the Notes in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

As a condition to the purchaser's obligation to accept delivery of and pay for the Notes the purchaser will be furnished, without cost, the following, dated as of the date of the delivery and payment for the Notes: (i) certificate of the City Controller certifying that (a) as of the date of the Official Statement furnished by the City in relation to said Notes, (which Official Statement is deemed by the City to be final for purposes of Securities and Exchange Commission Rule 15c2-12, except for the omission therefrom of those items allowable under said Rule), said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness he has no reason to believe and does not believe that such information is materially inaccurate, and (b) to his knowledge, since the date of said Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the City and no material adverse changes in the general affairs of the City or in its financial condition as shown in said Official Statement other than as disclosed in or contemplated by said Official Statement; (ii) a Closing Certificate constituting receipt for the note proceeds and a signature certificate, which will include a statement that no litigation is pending or, to the knowledge of the signers, threatened affecting the Notes; (iii) a Certificate of the City, executed by the City Controller, stating that the City has agreed, in accordance with the Rule, to provide or cause to be provided, timely notice of the occurrence of certain material events with respect to the Notes; and (iv) the unqualified legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. Reference should be made to said Official Statement for a description of the scope of Bond Counsel's engagement in relation to the issuance of the Notes and the matters covered by such legal opinion.

Following the sale of the Notes, the successful bidder will be required to provide to the City within five (5) days after the award of the Notes, certain information regarding the reoffering price to the public of the Notes. The successful bidder shall furnish to the City a certificate acceptable to Bond Counsel, dated as of the day of closing for the Notes stating the initial prices at which a bona fide public offering of all of the Notes was made and stating that 10% or more of the Notes were in fact sold to the public (excluding bond houses, brokers and other intermediaries) at or below such initial respective public offering prices. Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation.

Any party executing and delivering a bid for the Notes agrees, if its bid is accepted by the City, to provide to the City, in writing, within two business days after the date of such award, all information which said successful bidder(s) determines is necessary for it to comply with SEC Rule 15c2-12, including all necessary pricing and sale information, information with respect to the purchase of municipal bond insurance, if any, and underwriter identification. Within five business days following receipt by the City thereof, the City will furnish to the successful bidder(s), in reasonable quantities as requested by the successful bidder(s), copies of said Official Statement, updated as necessary, and supplemented to include said information. Failure by the successful bidder(s) to provide such information will prevent the City from furnishing such Official Statement as described above. The City shall not be responsible or liable in any manner for the successful bidder(s)'s determination of information necessary to comply with SEC Rule 15c2-12 or the accuracy of any such information provided by the successful bidder(s) or for failure to furnish such Official Statements as described above which results from a failure by the successful bidder(s) to provide the aforementioned information within the time specified. Acceptance by the successful bidder(s) of such final Official Statements shall be conclusive evidence of the satisfactory completion of the obligations of said City with respect to the preparation and delivery thereof.

THE CITY OF ITHACA, NEW YORK

Dated: January 27, 2012

STEVEN P. THAYER
City Controller
and Chief Fiscal Officer

PROPOSAL FOR NOTES

**SALE DATE: February 9, 2012
11:00 A.M., Prevailing Time**

Mr. Steven P. Thayer, City Controller
City of Ithaca, Tompkins County, New York
c/o Fiscal Advisors & Marketing, Inc.
120 Walton Street • Suite 600
Syracuse, New York 13202
Telephone # 315-752-0051, Ext. 1
Telefax # 315-752-0057

**CITY OF ITHACA
TOMPKINS COUNTY, NEW YORK
\$135,000 Bond Anticipation Notes, 2012 Series B (Federally Taxable Series)**

Dated: February 15, 2012

Maturity: February 15, 2013

Dear Sir:

For the \$135,000 Bond Anticipation Notes, 2012 Series B (Federally Taxable) of the City of Ithaca, Tompkins County, New York as described in the Notice of Sale annexed hereto, we hereby offer to pay par value and a premium of \$_____ and accrued interest from the date of the Notes to the date of delivery thereof, for Notes bearing interest at the rate (expressed in a multiple of one-eighth or one-hundredth of one per centum of _____% per annum.

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal for the purchase of the Notes therein described:

Gross Interest	\$ _____
Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Effective Net Interest Rate	_____ % (four decimals)

In the event we are awarded said Notes, we will promptly notify you of the denominations and paying desired or if we choose book-entry-only notes in accordance with the terms of said Notice of Sale.

Print Name of Bidder

Bank/Institution

Telephone () _____

Telecopier () _____

Email Address _____