

\$750,000

CITY OF ELMIRA,
CHEMUNG COUNTY, NEW YORK

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2009 SERIES B

NOTICE OF PRIVATE COMPETITIVE BOND SALE

Telephone (315-752-0051, Ext. 1), telefax (315-752-0057) or written proposals will be received and considered by the undersigned City Chamberlain of the City of Elmira, Chemung County, New York, at the offices of Fiscal Advisors & Marketing, Inc., 120 Walton Street, Suite 600, Syracuse, New York 13202, at 11:30 A.M., Prevailing Time, on the 10th day of November, 2009, at which time and place the bids will be opened for the purchase AT PRIVATE COMPETITIVE SALE IN FEDERAL FUNDS at not less than par and accrued interest of

\$750,000 Public Improvement (Serial) Bonds, 2009 Series B, of said City, dated November 24, 2009, and maturing as follows: \$70,000 on May 15, 2011, \$75,000 on May 15 in each of the years 2012 to 2014, both inclusive, \$80,000 on May 15, 2015, \$85,000 on May 15, 2016, \$90,000 on May 15, 2017, and \$100,000 on May 15 in each of the years 2018 and 2019, with interest thereon payable on May 15, 2010 and semi-annually thereafter on November 15 and May 15.

The bonds will be initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the bonds. Ownership interest in the bonds will be transferred pursuant to the "Book-Entry-Only System" of DTC. Principal, upon presentation and surrender of the bonds, and interest on the bonds will be payable by check or draft mailed by the City Clerk to DTC, or to its nominee, Cede & Co., as the registered owner of the bonds. Principal and interest will be payable in lawful money of the United States of America. Bonds will be fully registered and will be valid and legally binding general obligations of said City, all the taxable real property within which will be subject to the levy of ad valorem taxes to pay said bonds and interest thereon, without limitation as to rate or amount. The bonds may not be converted into coupon bonds or be registered to bearer.

The State Constitution requires the City to pledge its faith and credit for the payment of the principal of the bonds and the interest thereon and to make annual appropriations for the amounts required for the payment of such interest and the redemption of such bonds. The State Constitution also provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on the bonds and certain other obligations of the City, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes; also that the fiscal officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

Each bid must be for all of said \$750,000 bonds and may state a single rate of interest or different rates of interest for bonds maturing in different calendar years; provided, however, that (i) only one rate of interest may be bid for all bonds maturing in any one calendar year, (ii) the maximum difference between the highest and lowest rate of interest bid for the bonds may not exceed one and one-half per centum per annum, (iii) variations in rates of interest so bid shall be in ascending progression in order of maturity so that the rate of interest on bonds maturing in any particular calendar year shall not be less than the rate of interest applicable to bonds maturing in any prior calendar year, and (iv) all rates of interest bid must be stated in a multiple of one-eighth or one-hundredth of one per centum per annum. Unless all bids are rejected, the award will be made to the bidder complying with the terms of this private sale and offering to purchase said bonds at such rate or rates of interest as will produce the lowest net interest cost computed in accordance with the net interest cost method of calculation,

that being the rate or rates of interest which will produce the least interest cost over the life of the bonds, after accounting for the premium offered, if any. If two or more such bidders offer to purchase the bonds at the same net interest cost, computed as described above, the bonds will be awarded to the bidder whose bid offers to purchase the bonds at the highest premium dollar amount. The right is reserved to reject any or all bids, and any bid not complying with this NOTICE OF PRIVATE COMPETITIVE BOND SALE, except as provided above, will be rejected. Each bid must be addressed to the undersigned City Chamberlain, and should be marked "Proposal for Bonds". A GOOD FAITH DEPOSIT WILL NOT BE REQUIRED. Said bonds are issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Law and the Local Finance Law, for the cost of the demolition of the City Armory located at 315 East Church Street, including the attached Drill Hall, in and for said City.

THE CITY RESERVES THE RIGHT TO CHANGE THE TIME AND/OR DATE FOR THE OPENING OF BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED IN SUCH MANNER AS SHALL BE DETERMINED BY THE CITY.

If the bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the bonds resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the bonds to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the bonds to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract.

In the event that prior to the delivery of the bonds, the income received by owners thereof from bonds of the same type and character becomes includable in the gross income of such owners for Federal income tax purposes, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the bonds, and in such case, the deposit accompanying his bid will be returned.

The purchase price of the bonds, in accordance with the purchaser's bid, shall be paid IN FEDERAL FUNDS or other funds available for immediate credit on said delivery date, in an amount equal to the par amount of such bonds, plus the premium, if any, plus accrued interest from the date of such bonds until said day of delivery. The closing on said bonds will take place at the offices of Orrick, Herrington & Sutcliffe LLP, 666 Fifth Avenue, New York, New York, on or about November 24, 2009.

CUSIP identification numbers will be printed on said bonds 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 o'clock P.M. on the date following the date of sale of the bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on said bonds shall be paid for by the issuer; 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.

The bonds will be available for inspection by the purchaser at DTC, not less than 24 hours prior to the time set for the delivery thereof. It shall be the responsibility of the purchaser to verify the CUSIP numbers at such time.

As a condition to the purchaser's obligation to accept delivery of and pay for the bonds, the purchaser will be furnished, without cost, the following, dated as of the date of the delivery of and payment for the bonds: (i) a Closing Certificate, constituting receipt for the bond 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 bonds; (ii) an arbitrage certificate executed on behalf of the City which includes, among other things, covenants, relating to compliance with the Internal Revenue Code of 1986 (the "Code"), with the owners of the bonds that the City will, among other things, (A) take all actions on its part necessary to cause interest on the bonds not to be includable in

the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the bonds and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (B) refrain from taking any action which would cause interest on the bonds to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the bonds and investment earnings thereon on certain specified purposes; and (iii) the unqualified legal opinion as to the validity of the bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel.

The City will designate the bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

Following the sale of the bonds, the successful bidder will be required to provide to the City certain information regarding the reoffering price to the public of each maturity of the bonds. The successful bidder shall furnish to the City a certificate acceptable to Bond Counsel, dated as of the day of closing for the bonds, stating the initial prices at which a bona fide public offering of all of the bonds was made and stating that 10% or more of the bonds of each maturity 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.

The population of the City as shown by the 2008 U.S. Census is 29,271. The average full valuation of real estate subject to taxation by the City is \$572,090,602, producing a debt limit of \$40,046,342. The total net indebtedness of the City subject to the debt limit is \$19,149,391. No bond anticipation notes have heretofore been issued in anticipation of the sale of such bonds. The indebtedness to be evidenced by such bonds will increase such net indebtedness by \$750,000.

Dated: Elmira, New York,
November 2, 2009.

City Chamberlain

PROPOSAL FOR BONDS

Mr. David Vandermark, City Chamberlain
 City of Elmira, Chemung 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

Sale Date: Tuesday November 10, 2009
Time: 11:30 A.M., Prevailing Time

CITY OF ELMIRA CHEMUNG COUNTY, NEW YORK

\$750,000 Public Improvement (Serial) Bonds, 2009 Series B

Dear Mr. Vandermark:

For the \$750,000 Public Improvement (Serial) Bonds, 2009 Series B of City of Elmira, Chemung County, New York, subject to the annexed Notice of Bond Sale, which is hereby made a part of this bid, we will pay Seven Hundred Fifty Thousand Dollars (\$750,000) plus a premium of _____ Dollars (\$___) and accrued interest to date of delivery, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2011	_____ %	2014	_____ %	2017	_____ %
2012	_____ %	2015	_____ %	2018	_____ %
2013	_____ %	2016	_____ %	2019	_____ %

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Bond Sale, but not constituting any part of the foregoing proposal for the purchase of the \$750,000 Bonds therein described:

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

Print Name of Bidder

Bank/Institution

Telephone () _____

Telefax () _____