

NOTICE OF SALE

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA CHEMUNG COUNTY, NEW YORK (the "District")

\$21,000,000 BOND ANTICIPATION NOTES – 2018 (the "Notes")

SALE DATE: June 19, 2018 TELEPHONE: (716) 662-3910
TIME: 11:00 A.M. FACSIMILE: (716) 662-6684
(Prevailing Time)
PLACE OF SALE: Capital Markets Advisors, LLC
4211 N. Buffalo Road, Suite 19
Orchard Park, NY 14127
DATE OF NOTES: June 27, 2018
MATURITY DATE: June 27, 2019

Sealed proposals, telephoned or faxed proposals will be received at the specified place and time on the Sale Date by the President of the Board of Education of the District or her designated agent (the "Sale Officer"), as herein indicated, for purchase at not less than par and accrued interest of the Notes as hereinabove described.

The timely delivery of all proposals submitted by facsimile transmission (FAX) must be in legible and completed form, signed by an authorized representative of the bidder, and shall be the sole responsibility of the bidder. The District shall not be responsible for any errors and/or delays in transmission and/or receipt of such bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law.

The Notes are general obligations of the District and the faith and credit of the District are pledged for payment of the principal of and interest on the Notes. All the taxable real property in the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Notes (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York).

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to The Depository Trust Company ("DTC" or the "Securities Depository"), or may be registered in the name of the purchaser.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, as may be determined by such successful bidder.

The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and a 360-day year basis, payable at maturity.

Bids may be for all or a portion of the Notes (\$2,000,000 minimum bid). Each bid must state a single rate of interest therefore in a multiple of 1/100th of 1/8th of one per centum per annum. Conditional bids will be rejected.

The Notes will be awarded to the bidder(s) complying with the terms of this Notice of Sale and offering to purchase the Notes at 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; provided, however, that if two or more bidders offer to purchase the Notes at the same lowest net interest cost, then such award will be made to one of said bidders selected by the President of the Board of Education by lot or by another customary method from among all said bidders.

The right is reserved by the District to reject any or all bids and any bid not complying with the terms of this notice will be rejected.

Award of the Notes is expected to be made promptly after opening of the bids, but the successful bidder may not withdraw proposals until two hours after the time set forth above on the day of such bid opening and then only if such award has not been made prior to the withdrawal. The Notes will be delivered and shall be paid for on or about the Date of Notes at such place and on such business day and at such hour, as the Sale Officer and the successful bidder shall mutually agree.

If the Notes will be issued as registered notes to the DTC, CUSIP identification numbers will be printed on the Notes if Bond Counsel is provided with such numbers by the close of business on the Sale Date 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 thereof to accept delivery and pay for the Notes in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of said number shall be the responsibility of and shall be paid for by the purchaser.

The successful bidder will be furnished without cost with the approving opinion of the law firm of Hodgson Russ LLP, Albany, New York ("Bond Counsel") to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* real estate taxes to pay the Notes and the interest thereon, without limitation of rate or amount, sufficient to pay the principal of and interest on the Notes (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). Said opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement of the District relating to the Notes, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which have been or may be furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

The successful bidder may at its option refuse to accept the Notes if prior to their delivery the tax compliance certificate and nonarbitrage certificate referred to below in form and tenor satisfactory to Bond Counsel are not delivered or if any income tax law of the United States of America is hereafter enacted which shall provide that the interest on the Notes is taxable, or shall be taxable at a future date for federal income tax purposes, and in any such case such bidder will be relieved from its or their contractual obligation arising from the acceptance of its or theirs proposal.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income under Section 103 of the Code. As part of the District's contractual obligation arising from its acceptance of the successful bidder's proposal, the District will furnish the successful bidder(s), concurrently with

the delivery of the Notes, with its tax compliance certificate and the nonarbitrage certificate (the “Tax Certificates”), which will contain provisions and procedures relating to compliance with the requirements of the Code and a certification to the effect that the District will comply with the provisions and procedures set forth therein, and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is excludable from gross income under Section 103 of the Code.

Under the Code, interest on the Notes is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including without limitation, the foreign branch profits tax. In addition under the Code, an individual who owns the Notes may be required to include in gross income a portion of his or her Social Security or railroad retirement payments and interest on the Notes will be included as disqualified income when computing the earned income credit. Noteholders should consult their tax advisors with respect to the computation of foreign branch profits tax liability, the earned income credit, or the inclusion of Social Security or other retirement payments in gross income.

The opinion of Bond Counsel shall also contain further statements to the effect that, in the opinion of such law firm, assuming the District complies with the provisions and procedures set forth in the Tax Certificates, interest on the Notes is excludable, under existing statutes and court decisions, from the gross income of the recipients thereof for federal income tax purposes pursuant to Section 103 of the Code; that interest on the Notes is not treated as a preference item in calculating alternative minimum taxable income of individuals and, under existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes.

Simultaneously with or before the delivery of the Notes, the successful bidder shall furnish the District with a certificate in form satisfactory to Bond Counsel containing information sufficient to enable the District to determine the “issue price” of the Notes as defined in Section 1273 or 1274 of the Code.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirements”). The Municipal Advisor will advise the winning bidder if the Competitive Sale Requirements were met at the same time it notifies the winning bidder of the award of the Notes. Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.

The winning bidder shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial public offering price or yield of the Notes (the “Initial Reoffering Prices”) as of the date of the award.

By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Requirements are not met, it will elect and satisfy either option (1) or option (2) described below. *Such election must be made on the bid form submitted by each bidder.*

(1) Hold the Price. The winning bidder:

(a) will make a bona fide offering to the public of all of the Notes at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will neither offer nor sell to any person any Notes within a maturity at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the Notes of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Notes, and

(c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

(2) Follow the Price. The winning bidder:

(a) will make a bona fide offering to the public of all of the Notes at the Initial Reoffering Prices and provide the Issuer with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will report to the Issuer information regarding the actual prices at which at least 10 percent of the Notes within each maturity of the Notes have been sold to the public,

(c) will provide the Issuer with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Notes, will continue until such date that 10 percent of each maturity of the Notes has been sold to the public, and

(d) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

For purposes of the “hold the price” or “follow the price” requirement, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

Regardless of whether or not the Competitive Sale Requirements were met, the winning bidder shall submit to the District and Bond Counsel a certificate (the “Issue Price Certificate”), satisfactory to Bond Counsel, prior to the delivery of the Notes stating the applicable facts as described above. The form of Issue Price Certificate is available by contacting Bond Counsel or the Municipal Advisor.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Requirements were met, the Issue Price Certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

For purposes of this Notice, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Notes to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Notes.

The Official Statement is in a form “deemed final” by the District for purposes of the Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”). In order to assist bidders in complying with Rule 15c2-12 and as part of the District’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the Notes the District will provide an executed copy of its “Undertaking to Provide Notice of Material Events.” Said undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, notice of the occurrence of certain material events, as enumerated in said Rule 15c2-12.

The District will provide a reasonable number of Official Statements to the successful bidder(s) within five (5) business days following receipt of a written request therefor made to the District and its Municipal Advisor. Such request may specify the applicable (a) offering price, (b) selling compensation, (c) rating(s), (d) credit enhancement and (e) identity and the Official Statements shall then be supplemented by the information so specified. Neither the District nor its Municipal Advisor shall be liable in any manner for any delay, inaccuracy, or omission on the part of the successful bidder with respect to such request, nor shall the District's failure, as a result thereof, to provide the Official Statement (whether or not modified or supplemented) within the above time period, constitute cause for a failure or refusal by such bidder to accept delivery of and pay for the Notes in accordance with the terms hereof.

The obligations hereunder to deliver or accept the Notes pursuant hereto shall be conditioned on the availability to each successful bidder at the time of delivery of the Notes of said approving opinion; of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor and including a statement, dated as of the date of delivery, to the effect that there is not litigation pending or (to the knowledge of the signer or signers thereof) threatened relating to the Notes; and of the several certificates as described in the Official Statement under the heading "Documents Accompanying Delivery of the Notes."

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

The District **will NOT** designate the Notes as "qualified tax exempt obligations" pursuant to Section 265(b)(3) of the Code.

Copies of the Notice of Sale and the Official Statement pertaining to the Notes may be obtained upon request from the offices of Capital Markets Advisors LLC, telephone number (716) 662-3910.

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA

/s/ Sara Lattin
President of the Board of Education

Dated: June 19, 2018

PROPOSAL FOR NOTES

Mr. Sara Lattin
President of the Board of Education
City School District of the City of Elmira
c/o Capital Markets Advisors, LLC
4211 N. Buffalo Road, Suite 19
Orchard Park, NY 14127

June 19, 2018

TELEPHONE: (716) 662-3910

FACSIMILE: (716) 662-6684

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
CHEMUNG COUNTY, NEW YORK

\$21,000,000 BOND ANTICIPATION NOTES – 2018
[the “Notes”]

DATED: June 27, 2018

MATURITY: June 27, 2019

<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Premium</i>	<i>Net Interest Cost</i>
\$	%	\$	%
\$			
\$			

Signature: _____

Name of Bidder: _____

Address of Bidder: _____

Telephone Contact of Bidder (Area Code): _____

Facsimile Contact of Bidder (Area Code): _____

Please select one of the following:

_____ “Local” Closing

_____ Book-Entry/DTC

Bid Form Continues On Next Page

ISSUE PRICE:

The Bidder represents that it has an established industry reputation for underwriting new issuances of municipal notes similar to the Notes.

YES ___ NO___

If the Competitive Sale Requirements are not met, the Bidder will use one or more of the following methods to determine the issue price of the Notes:

Select one:

___ Follow the Price; or

___ Hold the Price.

TO BE COMPLETED BY BIDDERS WHO ARE PURCHASING NOTES FOR THEIR OWN ACCOUNT

The Bidder is not acting as an underwriter with respect to the Notes or is not a related party to an underwriter with respect to the Notes and has no present intention to sell, reoffer, or otherwise dispose of the Notes.

YES ___ NO___