

\$76,000,000*

**CITY SCHOOL DISTRICT OF THE CITY OF KINGSTON
ULSTER COUNTY, NEW YORK**

SCHOOL DISTRICT (SERIAL) BONDS, 2018

NOTICE OF BOND SALE

Proposals will be received and considered by the undersigned President of the Board of Education of the City School District of the City of Kingston, Ulster County, New York, via iPreo's Parity Electronic Bids Submission System ("Parity") or by facsimile transmission at (845) 227-6154, at the offices of Capital Markets Advisors, 1075 Route 82, Suite 4, Hopewell Junction, New York 12533, **until 11:00 A.M., Prevailing Time, on the 30th day of May, 2018**, at which time and place the bids will be opened for the purchase IN FEDERAL FUNDS at not less than par and accrued interest of

\$76,000,000* School District (Serial) Bonds, 2018, of said School District, dated June 13, 2018, and maturing in annual principal installments which, together with interest thereon, are expected to provide for substantially level or declining annual debt service on such bonds, as defined and described in paragraph d of Section 21.00 of the New York Local Finance Law, as follows: \$3,095,000 on June 1, 2019, \$3,110,000 on June 1, 2020, \$3,200,000 on June 1, 2021, \$3,295,000 on June 1, 2022, \$3,395,000 on June 1, 2023, \$3,500,000 on June 1, 2024, \$3,605,000 on June 1, 2025, \$3,710,000 on June 1, 2026, \$3,825,000 on June 1, 2027, \$3,935,000 on June 1, 2028, \$4,055,000 on June 1, 2029, \$4,175,000 on June 1, 2030, \$4,300,000 on June 1, 2031, \$4,430,000 on June 1, 2032, \$4,565,000 on June 1, 2033, \$4,715,000 on June 1, 2034, \$4,865,000 on June 1, 2035, \$5,025,000 on June 1, 2036, and \$5,200,000 on June 1, 2037, with interest thereon payable on December 1, 2018 and semi-annually thereafter on June 1 and December 1.

*The aggregate par amount of bonds may be decreased in an amount not in excess of the premium offered by the successful bidder and the amount of each annual maturity, as set forth herein, may be adjusted to the extent necessary, in order that the total proceeds, which include the total par amount of the Bonds plus the original issue premium, if any, received by the School District, does not exceed the maximum amount permitted under applicable provisions of the Internal Revenue Code of 1986, as amended. Such adjustments will be made within twenty-four (24) hours following the opening of the bids. The successful bidder may neither withdraw nor modify its bid as a result of any such post-bid adjustment. Any such adjustment shall be conclusive, and shall be binding upon the successful bidder.

The bonds will initially be issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as herein set forth, and at the option of the purchaser, may be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the bonds. If issued in book-entry-only form, ownership interest in the bonds will be transferred pursuant to the "Book-Entry-Only System" of The Depository Trust Company, as described in the Official

Statement prepared by the School District with respect to the bonds. Principal and interest on the bonds will be payable by check or draft mailed by The Depository Trust Company, New York, New York, 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 School District, 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 bonds maturing on or before June 1, 2026 will not be subject to redemption prior to maturity. The bonds maturing on June 1, 2027, and thereafter, will be subject to redemption prior to maturity, at the option of the County in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after June 1, 2026 at par plus accrued interest to the redemption date.

If less than all of the bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by the School District by lot in any customary manner of selection as determined by the President of the Board of Education. Notice of such call for redemption shall be given by transmitting such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

The State Constitution requires the School District 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 School District, 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 School District may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

In the event of a default in the payment of the principal of and/or interest on the bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to said School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State of New York with the holders from time to time of the bonds.

Each bid must be for all of said \$76,000,000 serial 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 bonds of the same maturity, (ii) the maximum difference between the highest and lowest rate of interest bid for the bonds may not exceed four 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 sale and offering to purchase the bonds at such rate or rates of interest as will produce the lowest true interest cost computed in accordance with the true interest cost method of calculation, that being the rate which, compounded semi-annually, is necessary to discount all principal and interest payments on the bonds to the purchase price (including accrued interest) bid for the bonds. The true interest cost computation should be made as of the date of the delivery of the bonds. If two or more such bidders offer to purchase the bonds at the same true 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; provided, however, that the School District reserves the right, in its sole discretion, after selecting the low bidder, to adjust the aforesaid maturity installments to the extent necessary to meet the requirements of substantially level or declining annual debt service. Any such adjustment by the School District shall be conclusive, and shall be binding upon the successful bidder. The right is reserved to reject any or all bids, and any bid not complying with this Notice of Bond Sale, except as provided above, will be rejected.

Proposals may be submitted electronically via iPreo's Parity Electronic Bid Submission System (Parity) or via facsimile transmission at (845) 227-6154, in accordance with this Notice of Bond Sale, until the time specified herein. No other form of electronic bidding services nor telephone proposals will be accepted. No proposal will be accepted after the time for receiving proposals specified above. Bidders submitting proposals via facsimile must use the "Proposal for Bonds" form attached hereto. Once the proposals are communicated electronically via Parity or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the bonds pursuant to the terms therein provided.

Prospective bidders wishing to submit an electronic bid via Parity must be contracted customers of Parity. Prospective bidders who do not have a contract with Parity must call (212) 849-5021 to become a customer. By submitting an electronic bid for the bonds, a bidder represents and warrants to the School District that such bidder's bid for the purchase of the bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the bonds.

Each prospective bidder who wishes to submit electronic bids shall be solely responsible to register to bid via Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Bond Sale. Neither the School District nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the School District nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The School District is using Parity as a communications mechanism, and not as the School District's agent, to conduct the electronic bidding for the School District's bonds. The School District is not bound by any advice or determination of Parity as to whether any bid complies with the terms of this Notice of Bond Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of

the bidders, and the School District is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid, or submitting or modifying a bid for the bonds, it should telephone Parity and notify the School District's municipal advisor, Capital Markets Advisors, LLC at (845) 227-8678 (provided that the School District shall have no obligation to take any action whatsoever upon receipt of such notice).

A good faith deposit (the "Deposit") in the form of a certified or cashier's check or a wire transfer in the amount of \$760,000 payable to the order of the City School District of the City of Kingston, Ulster County, New York is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire transfer is issued, it must be sent to the account so designated by the School District for such purpose, not later than 10:00 A.M. on the date of the sale and the wire reference number must be provided on the "Proposal For Bonds" when the bid is submitted. Bidders are instructed to contact Capital Markets Advisors, 1075 Route 82, Suite 4, Hopewell Junction, New York 12533 (Tel. No.: 845-227-8678), the School District's municipal advisor, no later than 24 hours prior to the bid opening to obtain the School District's wire instructions. No interest on the Deposit will accrue to the Purchaser.

Said bonds are issued pursuant to the Constitution and statutes of the State of New York, including, among others, the Education Law and the Local Finance Law, and are issued to finance Kingston High School Campus improvements in and for said School District.

THE SCHOOL DISTRICT RESERVES THE RIGHT TO CHANGE THE TIME AND/OR DATE FOR THE OPENING OF BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED NOT LESS THAN ONE HOUR PRIOR TO THE TIME SET FORTH ABOVE FOR THE OPENING OF BIDS BY MEANS OF A SUPPLEMENTAL NOTICE OF BOND SALE TO BE TRANSMITTED OVER THE TM3.

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 the day of delivery, 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, less the amount of the good faith deposit. The closing on said bonds will take place at the offices of Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, 15th Floor, New York, New York, on or about June 13, 2018.

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 The Depository Trust Company, in Jersey City, New Jersey, 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 certificate of the President of the Board of Education certifying that (a) as of the date of the Official Statement furnished by the School District in relation to said bonds (which Official Statement is deemed by the School District 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 statements 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 School District is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to her 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 School District and no material adverse changes in the general affairs of the School District 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 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; (iii) an arbitrage certificate executed on behalf of the School District 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 School District 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, with regard to both the bonds and any obligations refunded with proceeds of the bonds, 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; (iv) a Continuing Disclosure Undertaking Certificate of the School District, executed by the President of the Board of Education stating that the School District has agreed, in accordance with the Rule, to provide or cause to be provided during any succeeding fiscal year in which the bonds are outstanding certain annual financial information, operating data and material events notification as further

described in the Official Statement; and (v) the approving legal opinion as to the validity of the bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. 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 bonds and the matters covered by such legal opinion. Furthermore, reference should be made to the information under the heading "Legal Matters" in the Official Statement.

Following the sale of the bonds, on the Sale Date, the successful bidder will be required to provide to the School District and its Bond Counsel certain information regarding the reoffering price to the public of each maturity of the bonds. The successful bidder also must submit to the School District a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel, dated as of the day of the delivery of the bonds, which assuming three bids are received, states:

(a)(i) on the date of award, such successful bidder made a bona fide public offering of all bonds of all maturities at initial offering prices corresponding to the prices or yields indicated in the information furnished in connection with the successful bid, and (ii) as of such date, the first price or yield at which an amount equal to at least ten percent of each maturity of the bonds was reasonably expected to be sold to the public was, respectively, a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the "first price rule"), and (iii) provides a copy of the pricing wire or equivalent communication for the bonds attached to the Reoffering Price Certificate. The public means any persons including an individual, trust, estate, partnership, association, company or corporation (other than the successful bidder or a related party to the successful bidder, being two or more persons who have greater than 50% common ownership directly or indirectly, or any person that agrees pursuant to a written contract or other agreement with the successful bidder to participate in the initial sale of the bonds to the public).

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

(c) the bid submitted by the successful bidder constituted a firm offer to purchase the bonds.

In the event that at least three bids are not received by the School District on the Sale Date, and at least ten percent of each maturity of the bonds have been sold on the Sale Date, the successful bidder shall certify as to the first price or yield at which ten percent of each maturity was sold and provide a copy of the pricing wire or equivalent communication.

In addition, in the event that (1) at least three bids are not received by the School District on the Sale Date, and (2) ten percent of each maturity of the bonds have not been sold on the Sale Date (each an "Unsold Maturity"), the successful bidder (and any members of its underwriting group or syndicate) shall have the option (i) to provide to the School District (or its agents) ongoing pricing information, together with reasonable supporting documentation acceptable to bond counsel (such as the pricing wire), until 10% of each Unsold Maturity is sold (the "Follow-the-Price Requirement"), or (ii) shall be required to hold the initial reoffering price to the public of each such Unsold Maturity (as reported to the School District on the Sale Date) for the lesser of five (5) business days after the Sale Date or the date on which at least 10% of each such Unsold

Maturity are sold (the “Hold-the-Offering-Price Requirement”). A certification as to the details of compliance with this requirement shall be part of the Reoffering Price Certificate.

The School District or its municipal advisor on its behalf shall advise the successful bidder on the Sale Date as to whether at least three bids were received. Delivery of a bid shall constitute the bidder’s agreement to comply with the Hold-the-Offering-Price Requirement or the Follow-the-Price Requirement of this Notice of Bond Sale and to certify to compliance therewith under the circumstances described herein.

Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation.

At the time of the award of the bid for the bonds, the successful bidder will be required to provide to the School District certain information regarding the reoffering price to the public of the bonds. If the winning bidder is purchasing the bonds for its own account and not with a view to distribute or resale they should inform the financial advisor at the time of the award and a certificate to that effect will be required on or before closing. Otherwise, assuming that the School District has received at least three bids for the bonds from underwriters, the successful bidder shall furnish a certificate to the School District acceptable to bond counsel, dated as of the date of closing for the bonds stating the initial prices at which a bona fide public offering of the bonds were made and stating that 10% or more of each maturity of the bonds were in fact sold to the public at or below such initial public offering price on the sale date. Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation.

In the event 10% or more of each maturity of the bonds have not been sold to the public on the sale date, or at least three bids from underwriters for the bonds have not been received, the successful bidder shall have the option (i) to provide the School District (or its agents) ongoing pricing information, together with reasonable supporting documentation acceptable to bond counsel (such as the pricing wire), until 10% of each maturity of the bonds are sold to the public or (ii) to hold the initial offering price to the public for each maturity of the bonds for the lesser of five (5) business days after the sale date or the date on which at least 10% of each maturity of the bonds are sold to the public. Delivery of a bid shall constitute the bidder’s agreement to comply with one of these options if necessary. At the time of the award, the winning bidder shall be notified by the municipal advisor as to whether or not at least three bids were received. In the event three bids were not received, the winning bidder shall inform the financial advisor at the time of the award which of the two options it has chosen. A winning bidder subject to one of these options shall furnish a certificate to the School District, satisfactory to bond counsel, on or prior to closing for the bonds stating the applicable facts as set forth above.

The term “public” as used herein means any person but 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 bonds to the public.

Any party executing and delivering a bid for the bonds agrees, if its bid is accepted by the School District, to provide to the School District, in writing, within two business days after the date of such award, all information which said successful bidder determines is necessary for it to

PROPOSAL FOR BONDS

May 30, 2018

Ms. Nora C. Scherer
President of the Board of Education
Kingston City School District
C/O Capital Markets Advisors, LLC
1075 Route 82, Suite 4
Hopewell Junction, New York 12533

Tel: (845) 227-8678
Fax: (845) 227-6154

Subject to the provisions and in accordance with the terms of the annexed Notice of Bond Sale dated May 16, 2018 which is hereby made a part of this Proposal, we offer to purchase all of the \$76,000,000 School District (Serial) Bonds, 2018 of the Kingston City School District, New York, described in said Notice of Bond Sale, and to pay therefore the price of \$76,000,000 plus a premium of \$ _____, plus interest, if any, accrued on said Bonds from their date to the date of their 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:

Table with 2 columns: Bonds maturing on June 15, in the year [year], at _____% and Bonds maturing on June 15, in the year [year], at _____%. Rows range from 2019 to 2028.

Check one of the following:

[] We enclose herewith a certified or cashier's check in the sum of \$760,000 made payable to the order of the Kingston City School District, New York.

[] We sent a fed wire transfer of \$760,000 to the account of the District designated for such purpose in accordance with the Notice of Bond Sale and instructions provided by the District's Municipal Advisor. The fed wire confirmation number is _____ at _____. Please call Capital Markets Advisors, LLC (845) 227-8678 no later than 24 hours prior to the sale for wire instructions.

The Deposit is to be returned to the undersigned if the bid is not accepted. Otherwise it shall be applied as part payment for the Bonds, or retained by the District as and for liquidated damages in case we should not take up and pay for the Bonds in accordance with the terms of this Proposal.

The following is our computation of the true 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 \$76,000,000 Bonds under the foregoing Proposal:

Table with 2 columns: Description and Amount. Rows include Par Amount of the Bonds, Add: Premium, Accrued Interest, Target Value for Calculation, and True Interest Rate (four decimals).

Please check one of the following:

_____ We are purchasing all of the Bonds for our own account and not with a view to distribution or resale to the public.

_____ In the event the competitive sale requirements are not met, we agree to comply with the hold-the-offering price rule described in the Notice of Sale.

By: _____

Firm: _____

Telephone () _____ - _____