

NOTICE OF SALE

**CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK**

**\$16,558,644
BOND ANTICIPATION NOTES, 2018 SERIES A**

(the “Notes”)

SALE DATE: August 14, 2018 TELEPHONE: (845) 227-8678
TIME: 11:00 A.M. FACSIMILE: (845) 227-6154
(Prevailing Time)
PLACE OF SALE: Capital Markets Advisors, LLC
822 Route. 82 – Suite 310
Hopewell Junction, New York 12533
DATE OF NOTES: August 28, 2018
MATURITY DATE: August 28, 2019

Sealed proposals will be received and considered by the undersigned Treasurer of the City of Middletown, Orange County, New York (the “City”), at the offices of Capital Markets Advisors, LLC, 822 Route 82, Suite 310, Hopewell Junction, New York 12533, until 11:00 o'clock A.M., Prevailing Time on the 14th day of August 2018, for the purchase of \$16,558,644 Bond Anticipation Notes, 2018 Series A (the “Notes”) dated August 28, 2018 and maturing, without the right of prior redemption, on August 28, 2019 with interest thereon payable at maturity. Telephone and fax bids will be accepted. The telephone number is (845) 227-8678 while the fax number is (845) 227-6154.

Please note that the timely delivery of such proposals in legible and complete form, signed by an authorized representative of the bidder, shall be solely the responsibility of the bidder(s). The City shall not be responsible for any errors and/or delays in transmission and/or receipt of bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The purchaser(s) shall have the option of having the Notes issued in either non book-entry or book-entry-only form. The purchaser(s) must notify Bond Counsel by 2:00 P.M., Prevailing Time, on the date of sale whether the Notes will be issued in non book-entry form or book-entry-only form.

If the Notes are issued in non book-entry form, a single note will be issued in registered form. Principal of and interest on the Notes will be payable in lawful money of the United States (Federal Funds) to the registered purchaser(s).

If the Notes are issued in book-entry-only form, the Notes will be (i) registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), and (ii) deposited with DTC to be held in trust until maturity. As book-entry-only notes, individual purchases may be made in book-entry-only form only in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination which is or includes \$8,644. See “Book-Entry-Only System,” herein. DTC is an automated depository for securities and a clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry-only system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfer 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 be made only through book entries made on the books and records of DTC (or a successor depository) and its participants. Principal of and interest on the Notes will be payable by the City to DTC or its partnership nominee as registered owner of the Notes. 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.

The proceeds of the Notes, together with \$2,332,846 of funds on hand will be used to redeem the \$6,027,088 Bond Anticipation Notes, 2017 Series A and maturing on August 29, 2018 and provide \$12,864,402 of new money.

Said Notes are general obligations of the City and the faith and credit of such City are pledged for the payment of the principal of and interest on such Notes. All the taxable real property in said City will be subject to the levy of ad valorem taxes, subject to applicable statutory limitations, sufficient to pay the principal of and interest on such Notes.

THE NOTES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" UNDER SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

Bids may be made for all or a portion of said Notes (\$1,000,000 minimum bid) and state a rate or rates of interest in multiples of 1/100 or 1/8 of one per centum per annum. Interest will be calculated on the basis of a 30-day month and 360-day year. Said Notes will be awarded to the bidder(s) offering the lowest net interest cost (that being the interest rate which produces the lowest net interest cost over the life of the Notes after deducting the premium, if any); provided, however, that if two or more bidders offer to purchase said Notes at the same lowest net interest cost, then such award will be made first on the basis of the greatest minimum bid offered, and if two or more bidders offer the same minimum bid, then to the bidder offering the greatest premium, and, if two or more bidders offer the same premium, then to one of said bidder(s) selected by lot from among said bidders. The right is reserved by the City to award to any bidder all or any part of the Notes which such bidder offers to purchase and, in such event, the premium, if any, specified by such bidder will be pro-rated. The right is reserved by said City to reject any or all bids. All conditional bids will be rejected.

Said Notes will be delivered in book-entry-only form in Jersey City, New Jersey through the facilities of DTC, or otherwise as may be agreed with the purchaser(s), at the option of the purchaser(s), in non-book-entry form in form of a single note certificate on August 28, 2018. At such time, the purchase price of said Notes, in accordance with the successful purchaser's(s) bid, shall be paid in FEDERAL FUNDS or other funds available for immediate credit.

CUSIP identification numbers may be printed on the Notes if the purchaser(s) provides Bond Counsel with such numbers by telefax or any other mode of written communication (verbal advice will not be accepted) by three o'clock p.m. on the day following the 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(s).

At the time of the award of the bid for the Notes, each successful bidder(s) will be required to provide to the City certain information regarding the reoffering price to the public of the Notes. If the winning bidder (s) is purchasing the Notes is for its own account and not with a view to distribute or resale a certificate to that effect will be required. Otherwise, assuming that the City has received at least three bids for the Notes from underwriters, each successful bidder(s) shall furnish a certificate to the City acceptable to bond counsel, dated as of the date of closing for the Notes, stating the initial price at which a bona fide public offering of the Notes was made and stating that it reasonably expected that 10% or more of the Notes would be sold to the public at or below such initial public offering price. 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 that at least three bids are not received by the City on the Sale Date and at least ten percent of the Notes have been sold on the Sale Date, the successful bidder shall certify as to the first price or yield at which ten percent of the Notes sold in accordance with the first price rule and provide a copy of the pricing wire or equivalent communication.

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

The term "public" as used herein means any person, including an individual, trust, estate, partnership, association, company or corporation (other than the winning bidder(s) or a related party thereto or any person that agrees pursuant to a written contract or other agreement with the winning bidder(s) to participate in the initial sale of the Notes to the public).

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 such bidder determines is necessary for it to comply with SEC Rule 15c2-12, including all necessary pricing and sale information, with respect to the purchase of municipal bond insurance, if any, and underwriter identification. Within five business days following receipt thereof by the City, the City will furnish to the purchaser(s), in reasonable quantities as requested by the purchaser(s), copies of the final Official Statement to be dated August 14, 2018 which shall be updated, as necessary, to include said information. Failure by the purchaser(s) to provide such information will prevent the City from furnishing such final Official Statement.

The City shall not be responsible or liable in any manner for the purchaser(s) determination of information necessary to comply with SEC Rule 15c2-12 or the accuracy of any such information provided by such 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 purchaser(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.

As a condition to each purchaser's obligation to accept delivery of and pay for the Notes, the purchaser(s) will be furnished, without cost, the following, dated as of the date of the delivery and payment for the Notes: (i) a certificate of the Treasurer of the City certifying that (a) the Official Statement issued in connection with the sale of \$16,558,644 Bond Anticipation Notes, 2018 Series A (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 these items allowable under said Rule), did not contain any untrue statement of 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, 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) 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 Notes that the City will, among other things, (a) take all actions on its part necessary to cause interest on the Notes 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 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 Notes 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 Notes and investment earnings thereon on certain specified purposes, (iv) a Certificate of the City, executed by the Treasurer of

the City 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 (v) the approving legal opinion, as to the validity of the Notes, of Orrick Herrington & Sutcliffe LLP, Bond Counsel, 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. Furthermore, reference should be made to the information under the heading "Legal Matters" in the Official Statement.

CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK

/s/ Donald Paris
City Treasurer

Dated: August 6, 2018

Additional copies of the Official Statement and Notice of Sale may be obtained from Capital Markets Advisors, LLC, 822 Route 82 – Suite 310, Hopewell Junction., New York, 12533, Telephone, (845) 227-8678 and are also available at www.capmark.org.

PROPOSAL FOR NOTES

August 14, 2018

Donald Paris
City Treasurer
City of Middletown
C/O Capital Markets Advisors, LLC
822 Route 82 – Suite 310
Hopewell Jct., NY 12533

TELEPHONE: (845) 227-8678

FACSIMILE (845) 227-6154

CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK

\$16,558,644
BOND ANTICIPATION NOTES, 2018 SERIES A

(the "Notes")

DATED: August 28, 2018

MATURITY DATE: August 28, 2019

	Amount	Interest Rate	Premium	Net Interest Cost*
Bid 1	\$	%	\$	%
Bid 2	\$	%	\$	%
Bid 3	\$	%	\$	%
Bid 4	\$	%	\$	%
Bid 5	\$	%	\$	%

*The computation of the net interest cost is made as provided in the above-mentioned Notice of Sale, but does not constitute any part of the foregoing Proposal for the purchase of the Notes therein described.

Form of Note: **Book-Entry-Only** or Registered to Purchaser
(circle one)

Please check one of the following:

- We are purchasing the Notes 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 hereby elect to
 - Hold the Price
 - Follow the Price

Signature: _____

Name of Bidder: _____

Company: _____

Address: _____

Telephone (Area Code): _____

Fax (Area Code): _____