

NOTICE OF BOND SALE

\$2,335,000*

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
ERIE COUNTY, NEW YORK
SCHOOL DISTRICT REFUNDING BONDS, 2018

Dated Date: June 29, 2018
Maturity Dates: August 15, 2018-2023
Sale Date: June 14, 2018
Bids Accepted Until: 11:00 A.M. (Prevailing Time)
Location: Capital Markets Advisors, LLC
4211 North Buffalo Road, Suite 19
Orchard Park, New York 14127

Sealed proposals or, at the option of bidders, proposals delivered via Ipreo's Parity electronic bid submission system ("Parity") will be received at the offices of Capital Markets Advisors, LLC (the "Municipal Advisor"), 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127 (Phone: 716.662.3910, Fax: 716.662.6684) and considered by the undersigned President of the Board of Education (the "President of the Board"), or her designated agent, of The City School District of the City of Tonawanda, Erie County, New York (the "District") as outlined above for the purchase of \$2,335,000* School District Refunding Bonds, 2018 of the District (the "Bonds"). The Bonds are being issued to refund \$2,230,000 outstanding principal amount of the District's \$5,903,602 School District Serial Bonds, 2008, being specifically those of such bonds maturing in the years 2019 through 2023, inclusive.

The Bonds will be valid and legally binding general obligations of the District, for the payment of which the District has pledged its faith and credit. All the taxable real property in the District will be subject to the levy of *ad valorem* real estate taxes to pay the principal of the Bonds and the interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). The New York State Constitution requires the 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 the Bonds. The 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 District, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes. The President of the Board may be required to set apart and apply such revenues as aforesaid at the suit of any holder of the Bonds.

* Preliminary; subject to change

The Bonds are payable in annual installments which, together with interest thereon, are expected to provide for substantially level or declining annual debt service with respect to the Bonds, as defined and described in paragraph (d) of Section 21.00 of the New York Local Finance Law, on August 15 in each year as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2018	\$ 50,000	2021	\$510,000
2019	490,000	2022	525,000
2020	495,000	2023	265,000

***The amount of the issue, purchase price and amount of the maturities of the Bonds are subject to change depending upon the actual interest rates bid and the successful bidder's initial reoffering yields in order to effectuate the District's plan of refunding of the outstanding debt. Accordingly, the District reserves the right, in its discretion, to increase or decrease the size of the issue and the maturities of the Bonds, in multiples of \$5,000, to the extent necessary to meet the requirements of substantially level or declining annual debt service. Such adjustments will be made within 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 are not subject to redemption prior to maturity.

The Bonds will be dated their date of delivery and will mature on August 15 in the years and amounts stated above (subject to adjustment, as described above), and will bear interest payable on August 15, 2018 and semi-annually thereafter on each February 15 and August 15 until maturity. The record date of the Bonds will be the last business day of the calendar month preceding each respective interest payment date.

If the Bonds will be issued in registered form by means of a book-entry system, no physical distribution of bond certificates will be made to the public. One bond certificate for each maturity will be issued to the Depository Trust Company, New York, New York or its nominee ("DTC") and will be immobilized in its custody. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfer of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., its nominee, to be held in trust until maturity. Interest on the Bonds and the principal of the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. 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 of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds 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 Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof, as may be determined by such successful bidder.

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” PURSUANT TO SECTION 265(B)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”).

Each written proposal must be for all of the Bonds and may state different rates of interest for Bonds maturing in different calendar years; provided, however, that (1) only one rate of interest may be bid for all Bonds maturing in any one calendar year and (2) all rates of interest bid must be stated in a multiple of one-eighth or one-hundredth of one percentum per annum. No proposed purchase price may be less than the total par value of the Bonds. No proposal for less than all of the Bonds will be considered. The date of delivery is currently anticipated to be the same as the dated date. If the date of delivery changes, each successful bidder shall be obligated to pay the price bid plus accrued interest, if any, on the Bonds from June 29, 2018 to the date of delivery.

Each written proposal must be either (1) enclosed in a sealed envelope, the outside of which should be marked “Proposal for School District Refunding Bonds, 2018”, and addressed as follows to the Sale Officer, viz.: Heather Sternin, President of the Board of Education of The City School District of the City of Tonawanda, c/o Capital Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127 or (2) submitted electronically via Parity. Each qualified prospective bidder shall be solely responsible for making the 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. If any provisions of this Notice of Bond Sale shall conflict with information provided by Parity, as approved provider of electronic bidding services, this Notice of Bond Sale shall control. Further information about Parity, including any fee charged, may be obtained from Parity at 212.849.5021. The time maintained by Parity shall constitute the official time with respect to all bids submitted. Prospective bidders wishing to submit electronic bids via Parity must be contracted customers of Parity. Bidders not having a contract with Parity may call 212.849.5021 to become a customer.

As a condition precedent to the consideration of a proposal, a good faith deposit in the amount of \$11,675 (the “Deposit”) in the form of (1) a certified or cashier’s check or (2) a wire transfer issued for the benefit of the District is required. If a check is used, it must be drawn upon an incorporated bank or trust company to the order of “The City School District of the City of Tonawanda” and must accompany the bid. If a wire transfer is used, it must be sent to the account so designated by the District for such purpose, not later than 10:00 A.M. on the date of the sale, and the wire transfer reference number must be provided on the “Proposal for Bonds” when the bid is submitted. Bidders are instructed to contact Capital Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127 (Phone: 716.662.3910, Fax: 716.662.6684), the District’s Municipal Advisor, no later than 24 hours prior to the bid opening to obtain the District’s wire instructions. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. The check or wire transfer deposited by the bidder to whom the Bonds are awarded will be retained by the District, and the amount thereof will be applied as provided by law. The right is reserved to reject any or all bids, and except as hereinafter provided, any bid not complying with the terms of this notice in all material respects may be rejected.

Unless all bids are rejected, the Bonds will be awarded 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. True interest cost shall be determined for each bid by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount all interest and

principal payments from the payment dates thereof to the dated date of the Bonds, so that the sum of the present value of such payments equals the price bid, excluding interest accrued to the date of delivery. The true interest cost shall be calculated from the dated date of the Bonds. In the event the District receives two or more bids specifying the same lowest true interest cost, then the successful bidder shall be selected by the President of the Board by lot from among all such bidders. Notwithstanding anything herein to the contrary, the District reserves the right to waive any technical defects, omissions or other deficiencies in the form of any proposal submitted for consideration.

Award of the Bonds to a successful bidder, or rejection of any bids, is expected to be made promptly after the opening of the bids, but a successful bidder may not withdraw its proposal until after 5:00 P.M. (Prevailing Time) on the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

If the Bonds qualify for the 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 the Bonds in accordance with the terms of this Notice of Bond Sale.

The Bonds must be paid for in federal funds or other funds available for immediate credit in New York, New York on June 29, 2018, or at such other place and time as may be agreed upon with the successful bidder.

THE DISTRICT RESERVES THE RIGHT TO CHANGE THE DATE AND TIME 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 DISSEMINATED VIA TM3. IN ADDITION, SUCH NOTICE SHALL BE GIVEN TO THE NEWS MEDIA AND SHALL BE POSTED IN ONE OR MORE DESIGNATED PUBLIC LOCATIONS WITHIN THE DISTRICT AT LEAST ONE HOUR PRIOR TO THE TIME AND DATE SET FOR THE OPENING OF BIDS.

In the event that prior to the delivery of the Bonds, the income received by owners 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 its election, be relieved of its obligations hereunder to purchase the Bonds, and in such case, the Deposit accompanying its bid will be returned.

The population of the District is estimated to be 15,130. The debt statement to be filed pursuant to Section 109.00 of the Local Finance Law in connection with the sale of the Bonds, prepared as of June 7, 2018, will show the full valuation of real property subject to taxation by the District to be \$662,631,338, its debt limit to be \$33,131,567 and its total net indebtedness (after factoring in all applicable exclusions and prior to the issuance of the Bonds) to be \$13,945,000.

CUSIP identification numbers will be printed on the Bonds if Bond Counsel is provided with such numbers by the close of business on 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 the Bonds in accordance with the terms of this Notice of Bond Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the District, provided, however, that the CUSIP Service Bureau charge for the assignment of CUSIP 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 Bonds, the purchaser will be furnished, without cost, the following, dated as of the date of the delivery of and payment for the Bonds: (1) a certificate of the President of the Board certifying that (a) as of the date of the official statement furnished by the District in relation to the Bonds (the "Official Statement"), the Official Statement did not contain any untrue statement of 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 the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, the President of the Board has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of the President of the Board, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the District and no material adverse changes in the general affairs of the District or in its financial condition as shown in the Official Statement other than as disclosed or contemplated by the Official Statement, (2) a closing certificate, evidencing receipt for the proceeds of the Bonds 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, (3) a tax certificate executed on behalf of the District which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Bonds that the District will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds to be excluded from 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 thereof, 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 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 (4) the approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, to the effect that the Bonds are valid and legally binding general obligations of the District for which the District has 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 Bonds and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York).

Bond counsel will deliver at closing its written opinion that, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, with certain exceptions described in the body of the official statement, and that such interest is exempt from New York State and New York City personal income taxes.

The official statement, dated June 1, 2018 relating to the Bonds is in a form “deemed final” for purposes of SEC Rule 15c2-12 (the “Rule”), except for the omission therefrom of those items allowable under the Rule.

Any party executing and delivering a bid for the Bonds agrees, if its bid is accepted by the District, to provide to the District in writing, within two business days after the date of such award, all information which the purchaser determines is necessary for it to comply with the Rule, including all necessary pricing and sale information, information with respect to the purchase of bond insurance, if any, and underwriter identification. Within five business days following receipt by the District thereof, the District will furnish to the purchaser, in reasonable quantities as requested by the purchaser, copies of the official statement, updated as necessary, and supplemented to include such information. Failure by the purchaser to provide such information will prevent the District from furnishing the official statements as described above. The District shall not be responsible or liable in any manner for the purchaser’s determination of information necessary to comply with the Rule or the accuracy of any such information provided by the purchaser or for failure to furnish the official statements as described above which results from a failure by the purchaser to provide the aforementioned information within the time specified. Acceptance by the purchaser of the final official statements shall be conclusive evidence of the satisfactory completion of the obligation of the District with respect to the preparation and delivery thereof.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, 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 Bonds 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 Bonds. 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 Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial public offering price or yield of each maturity of the Bonds (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 Bonds for its own account and not with a view to distribution or resale to the public) that if ten percent of each maturity of the Bonds (as hereinafter defined) is not sold on the Sale Date and 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.

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

(1) Hold the Price. The winning bidder:

(a) will make a bona fide offering to the public of all of the Bonds at the Initial Reoffering Prices and provide the District and 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 Bonds 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 ten percent of the Bonds 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 Bonds, 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 Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds 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 Bonds at the Initial Reoffering Prices and provide the District and 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 report to the District and Bond Counsel information regarding the actual prices at which at least ten percent of the Bonds within each maturity of the Bonds have been sold to the public,

(c) will provide the District and Bond Counsel 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 Bonds, will continue until such date that ten percent of each maturity of the Bonds 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 Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds.

Unless the Bonds are purchased for the buyer’s own account, as principal for investment and not for resale, the District will agree in a continuing disclosure undertaking (the “Disclosure Undertaking”) to provide, or cause to be provided, in accordance with the requirements of the Rule, certain financial and other information, as well as timely notice of the occurrence of certain designated events. Reference is made to the official statement for further details regarding the Disclosure Undertaking. A purchaser buying for its own account shall deliver a purchaser’s certificate that documents such intent (in form satisfactory to bond counsel) establishing that an exemption from the Rule applies.

Requests for copies of the Official Statement of the District relating to the Bonds offered hereby, additional copies of this Notice of Bond Sale or any other additional information may be directed to Capital Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127 (Phone: 716.662.3910, Fax: 716.662.6684).

Dated: June 1, 2018

Heather Sternin
President of the Board of Education

PROPOSAL FOR BONDS

Heather Sternin
 President of the Board of Education
 The City School District of the City of Tonawanda
 Erie County, New York
 c/o Capital Markets Advisors, LLC
 4211 North Buffalo Road, Suite 19
 Orchard Park, New York 14127

June 14, 2018

Dear Ms. Sternin:

For the \$2,335,000* SCHOOL DISTRICT REFUNDING BONDS, 2018 of THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA, ERIE COUNTY, NEW YORK, described in the annexed Notice of Bond Sale, the terms of which are hereby made a part of this bid, we will pay par 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 dated date until maturity at the respective rates per annum stated in the following table:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Interest Rate</u>
August 15, 2018	____%	August 15, 2021	____%
August 15, 2019	____	August 15, 2022	____
August 15, 2020	____	August 15, 2023	____

* Preliminary; subject to change

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 the \$2,335,000* of Bonds:

Par Amount of the Bonds	\$ _____
Add:	
Premium	\$ _____
Accrued Interest	\$ _____
Target Value for Calculation	\$ _____
True Interest Rate	_____%
	(four decimals)

Check ONE of the following:

- We enclose herewith a certified or cashier's check for \$11,675, made payable to the order of The City School District of the City of Tonawanda, which check is to be returned to the undersigned if the bid is not accepted; otherwise to be applied as part payment for the Bonds, or to be 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 and the Notice of Bond Sale.
- We sent a Fed wire transfer of \$11,675 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 _____.

****Proposal Continues on Next Page****

**\$2,335,000* SCHOOL DISTRICT REFUNDING BONDS, 2018 OF
THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
ERIE COUNTY, NEW YORK
(CONTINUED)**

Please select one of the following:

- We are purchasing the Bonds for our own account, and not with a view to distribution or resale to the public.
- In the event that 10% or more of each maturity of the Bonds is not sold on the Sale Date and the Competitive Sale Requirements are not met, we hereby elect to:
 - Hold the Price
 - Follow the Price

The bidder represents that it has an established industry reputation for underwriting new issuance of municipal bonds.

- Yes
- No

Signature

Name of Financial Institution

Address

Telephone Number

Fax Number

Email Address