

Capital Markets Advisors, LLC

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To: All Bidders
From: Anthony Nash
Re: City of Yonkers, New York
Date: August 7, 2018

TERM SHEET

ISSUER: City of Yonkers (the “City”)
Westchester County, New York

ISSUE: \$12,700,000 Bond Anticipation Notes – 2018 Series B (Federally Taxable) (the “Notes”)

SALE DATE: August 16, 2018

SALE TIME: 11:00 A.M. EST

DATE OF DELIVERY: August 30, 2018

DATE OF MATURITY: May 15, 2019

DELIVERY: Through the offices of The Depository Trust Company (“DTC”) or as otherwise mutually agreed upon by the City and the purchaser.

LEGAL OPINION: To be provided by Hawkins Delafield & Wood LLP, Bond Counsel. The form of opinion of Bond Counsel is attached hereto as **Exhibit A**.

TAX STATUS: Interest on the Notes is included in gross income for federal income tax purposes and is exempt, under existing statutes, from personal income taxes of New York State and its political subdivisions, including The City of New York.

BIDDING

REQUIREMENTS: Bids may be made for all or a portion of the Notes. The minimum bid shall be \$1,000,000. All bids less than \$1,000,000 will be rejected. Each bid must state: (i) the principal amount of the Notes to be purchased pursuant to such bid and (ii) in a multiple of one-hundredth (1/100th) or one-eighth (1/8th) of one percent, a rate of interest per annum which the Notes bid shall bear. Interest will be calculated on the basis of a 30-day month and 360-day year. Each bidder may submit one or more bids for all, or less than all, of the aggregate principal amount of the Notes offered, but each bid submitted must comply with the foregoing requirements. Conditional bids will be rejected.

If a facsimile bid is submitted, such Bid must be made on the “Proposal for Notes” accompanying the Term Sheet.

Unless all bids are rejected, the Notes will be awarded and sold to the bidder(s) complying with the terms of sale and offering to purchase the Notes at the lowest net interest cost. 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. If two or more such bidders offer the same lowest net interest cost, then the Notes will be awarded and sold to one of said bidders selected by the City’s Commissioner of Finance and Management Services by lot from among all said bidders. The right is further reserved by the Issuer to reject any or all bids, and any bid not complying with this Term Sheet will be rejected.

Award of the Notes is expected to be made promptly after opening of the bids, but the successful bidder(s) may not withdraw their proposals until two (2) 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.

AUTHORITY FOR AND PURPOSE OF ISSUE:

The Notes shall be issued pursuant to the Constitution, the Laws of the State and the Special Local Finance and Budget Act of the City of Yonkers constituting Chapters 488 and 489 of the Laws of 1976 of the State (the “Act”); and a special bond ordinance duly adopted by the City Council and subsequently approved by the Mayor as reflected in the table below:

Object or Purpose	Amount Authorized	Amount to Notes
Special Ordinance 23-2018 Tax Certiorari Settlements	\$15,000,000	\$12,700,000

SECURITY FOR THE NOTES:

The Notes are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed under Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

In addition, the Act provides the purchasers of the City’s bonds and notes, including the Notes, with special contractual safeguards not typically afforded to the holders of general obligation debt of most other municipalities in the State. In particular, the Notes will be entitled to certain benefits of the provisions of the special ordinances adopted by the City Council authorizing each issue of City bonds since 1976 (collectively, the “Sale Ordinance”), including certain

covenants of the City contained therein and certain rights of City bondholders to enforce such covenants. Such Sale Ordinance constitutes the special contract and credit agreement with bondholders authorized by the City in accordance with the Act. The Sale Ordinance reaffirms the requirements of the Act, and the safeguards and provisions which apply to the aforesaid obligations issued by the City in 1976 and thereafter, that the City appropriate in its budget for each fiscal year the amounts required for such year to pay Special Debt Service (as hereinafter defined), as well as the amounts estimated to be required for interest on tax anticipation and revenue anticipation notes anticipated to be issued and to mature in such fiscal year.

Pursuant to the Act, the City has established a special debt service fund (the "Debt Service Fund"), which is maintained with the State Comptroller, acting as Fiscal Agent (the "Fiscal Agent"). Funds in the Debt Service Fund must only be used for the purpose of paying Special Debt Service. "Special Debt Service" means with respect to a fiscal year, the amount required for the punctual payment of (a) all principal due or becoming due and payable in said year with respect to any serial bonds, tax anticipation notes, revenue anticipation notes, capital notes or budget notes of the City, and all principal amortization for said year required by law with respect to bond anticipation notes or urban renewal notes or other obligations of the City and (b) all interest due or becoming due and payable in said year with respect to any obligations of the City, including the Notes. In each fiscal year, a percentage of all City ad valorem real property taxes, together with the proceeds of a special one percent sales and use tax authorized by Chapter 871 of the State Laws of 1975, as amended, must be deposited, as received, into the Debt Service Fund. The percentage of all ad valorem real property taxes is to be deposited in the Debt Service fund is determined according to the following formula and calculated at the commencement of each fiscal year:

$$\frac{\text{Total appropriation for Special Debt Service}}{\text{Total City ad valorem real property tax levy less reserve for uncollected}} = \frac{\text{Debt Service}}{\text{Percentage}}$$

Immediately upon receipt of any ad valorem real property tax payments during each fiscal year, the City is required to remit the total of such payments to the Fiscal Agent, who will deposit into the Debt Service Fund the portion of such payment equal to the Debt Service Percentage. The remainder of such payment is then paid over to the City Comptroller, subject to certain limitations, for City use.

The Sale Ordinance states that bond anticipation notes, including the Notes, cannot be issued by the City during any fiscal year having a maturity of principal or interest due and payable in such fiscal year unless such bond anticipation notes, including the Notes,

provide by their terms that no such principal or interest shall be payable from the Debt Service Fund unless the City deposits in the Debt Service Fund moneys sufficient to provide for the payment of such principal and interest.

The City will not deposit in the Debt Service Fund moneys sufficient to provide for the payment of the principal of and interest on the Notes. As such, the principal of and the interest on the Notes will not be paid from the Debt Service Fund. It is expected that the principal of the Notes will be paid from the proceeds of serial bonds or renewal notes to be issued by the City. The interest on the Notes is expected to be paid from budgetary appropriations of the City.

The Act further provides that no obligations, other than bonds, bond anticipation notes, such as the Notes, or capital notes, shall be issued unless such notes are countersigned and authenticated by the Fiscal Agent.

Significant features of the Act and the Sale Ordinance as they relate to Notes include:

- a) the State pledge and agreement not to impair the City's contract with noteholders and the City's duty to comply with the Act;
- b) the budgeting requirements applicable to the City which help to ensure against overestimated revenues and underestimated expenditures;
- c) the deposit of the proceeds of the bonds and bond anticipation notes with the Fiscal Agent and the requisition of such proceeds by the City in accordance with the Act; and
- d) the pledges and covenants made by the City, pursuant to the Act and/or special ordinances.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State"), including the Act, and acts and proceedings of the City, including the Sale Ordinance, contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

A copy of the Act and the most recent Special Ordinance adopted on August 8, 2017 by the City Council is available upon request.

NO PRIOR REDEMPTION: The Notes will not be subject to redemption prior to their stated maturity.

DENOMINATIONS: Individual purchases of the Notes shall be made in denominations of \$100,000 or integral multiples thereof.

FORM: The Notes will be issued in registered form, and, at the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes registered to the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (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.

For those Notes issued as book-entry only notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein.

CUSIP identification numbers will be printed on the book-entry only notes if Bond Counsel is provided with such number(s) 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. It shall be the responsibility of the City's Municipal Advisor to obtain CUSIP numbers for the Notes within one day after distribution of this Term Sheet. The City will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the City's Municipal Advisor to obtain such numbers and to supply them to the City in a timely manner. The CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the winning bidder; however, all expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the City. For those Notes issued in registered form, the City will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser.

INVESTOR'S LETTER: Each purchaser shall be required to provide an investor's letter to Bond Counsel and the City, in the form attached hereto as **Exhibit B**, at closing.

OFFICIAL STATEMENT: The City has **NOT** prepared an official statement in connection with the issuance of the Notes. The City last prepared an Official

Statement in conjunction with the issuance of its \$36,725,000 General Obligation Serial Bonds–2017A, \$20,405,000 School Serial Bonds-2017B, \$72,120,000 General Obligation Refunding Bonds-2017C and \$17,255,000 School Refunding Bonds-2017D dated August 10, 2017, as supplemented. Said Official Statement speaks only as of its date; however, the City believes that there has been no material adverse change to the City’s financial condition or operation since the date of said Official Statement.

Please be advised that certain financial information and operating data, as well as information regarding certain material events that may occur from time to time, are filed by the City with respect to its bonds, in satisfaction of certain continuing disclosure undertaking agreements entered into pursuant to Securities and Exchange Rule 15c2-12, by periodically filing such information with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system, currently found at <http://emma.msrb.org/>.

Information concerning the City is also available, upon request, from the City’s Municipal Advisor, Capital Markets Advisors LLC.

CREDIT RATING:

The Notes are not rated. On August 2, 2017, Moody’s Investors Service, Inc. (“Moody’s”) affirmed the rating of “A2” (stable outlook) assigned to the uninsured, outstanding bonded indebtedness of the City. On December 14, 2017, as a result of a new methodology for rating state intercept programs, Moody’s raised the enhanced rating assigned to bonds issued by the City on behalf of the Board of Education on account of the State aid intercept authorized by Section 99-b of the State Finance Law from “A1” to “Aa3”. On August 7, 2018, S&P Global Ratings affirmed the rating of “A” and revised the outlook from stable to negative assigned to the uninsured, outstanding bonded indebtedness of the City.

ISSUER: Mr. John A. Liszewski
Commissioner of Finance and Management Services
City of Yonkers
1 Larkin Center
Yonkers, New York 10701
Telephone: (914) 377-6160

BOND COUNSEL: Hawkins Delafield & Wood, LLP
7 World Trade Center
250 Greenwich Street, 41st Floor
New York, New York 10007
Attention: William J. Jackson, Esq.
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MUNICIPAL ADVISOR: Anthony Nash
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11 Grace Avenue, Suite 308
Great Neck, New York 11021
Telephone: (516) 487-9817

Dated: August 7, 2018

PROPOSAL FOR NOTES

Mr. John Liszewski
Commissioner of Finance and Management Services
City of Yonkers
c/o Capital Markets Advisors, LLC
11 Grace Avenue, Suite 308
Great Neck, New York 11021

August 16, 2018

TELEPHONE: (516) 487-9817

FACSIMILE: (516) 487-2575

CITY OF YONKERS
WESTCHESTER COUNTY, NEW YORK

\$12,700,000 BOND ANTICIPATION NOTES – 2018 SERIES B (FEDERALLY TAXABLE)
(the "Notes")

DATED: August 30, 2018

MATURITY DATE: May 15, 2019

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

Please select one of the following (if no option is selected, the book-entry-only option will be assumed to have been selected by the bidder):

- Book-Entry-Only registered to Cede & Co.
- Registered in the name of the bidder

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.

Signature: _____

Name of Bidder: _____

Address: _____

Telephone (Area Code): _____

EXHIBIT A

Form of Opinion of Bond Counsel

August 30, 2018

The City Council of the
City of Yonkers, in the
County of Westchester, New York

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Yonkers (the “City”), in the County of Westchester, a municipal corporation of the State of New York (the “State”), in connection with the authorization, sale and issuance of \$12,700,000 Bond Anticipation Note-2018 Series B (Federally Taxable) (the “Note”) of the City.

We have examined a record of proceedings relating to the Notes for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The Note is issued pursuant to the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York; the Special Ordinance No. 23-2018 adopted by the City Council on June 13, 2018, authorizing the payment of various tax certiorari judgments, compromised claims and settled claims against the City (the “Note Ordinance”), and the Certificate of Determination executed by the Commissioner of Finance & Management Services in connection with the issuance of the Note (the “Certificate of Determination”). The Note is issued in accordance with the provisions of the Special Local Finance and Budget Act of the City of Yonkers, constituting Chapter 488 of the New York Laws of 1976, as amended (the “Act”) and is entitled to the benefits of the Act, subject to the terms of the Certificate of Determination. Reference to the Act and the Certificate of Determination, and any and all modifications thereto is made for a description of the nature and extent of such benefits, and the rights and remedies of the holders of the Note.

The Note is dated, matures, is payable, and bears interest as provided in the Certificate of Determination.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed under Chapter 97 of the New York Laws of 2011, as amended.

2. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

3. Under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Under existing statutes, interest on the Note is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We give no assurances as to the accuracy, completeness or fairness of any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchaser of said Note.

Very truly yours,

EXHIBIT B

Investor's Letter

August __, 2018

Mr. John A. Liszewski
Commissioner of Finance and Management Services
City of Yonkers
1 Larkin Plaza
Yonkers, New York 10701

Dear Mr. Liszewski:

This letter is being delivered by _____ (the "Purchaser"), in connection with the issuance by the City of Yonkers, New York (the "City") of its \$ _____ Bond Anticipation Note – 2018 Series B (the "Notes"). The Purchaser has agreed to purchase the Notes pursuant to the Term Sheet dated August __, 2018. Capitalized terms used in this letter and not defined herein shall have the meanings provided to such terms in the Term Sheet. In connection with such purchase, the City has requested and Purchaser has agreed to execute and deliver this letter. We hereby represent and warrant to you and agree with you as follows:

1. We understand that the Notes have not been registered pursuant to the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state, nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Notes (i) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any of the Notes by means of any form of general solicitation or general advertising, and we are not an underwriter of the Notes within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.

4. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

5. The Purchaser is either a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act, or an "accredited investor" as defined in Rule 501 of Regulation D under the 1933 Act and is able to bear the economic risks of such investment.

6. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Notes.

The Purchaser has made its own inquiry and analysis with respect to the City, the Notes and the security therefor, and other material factors affecting the security for and payment of the Notes.

7. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the City, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Notes and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Notes.

8. The Notes are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute the Notes, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

(a) that is an affiliate of the Purchaser;

(b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers or accredited investors;

(c) that is a secured party, custodian or other entity in connection with a pledge by the Purchaser to secure public deposits or other obligations of the Purchaser or one of its affiliates to state or local governmental entities; or

(d) that the Purchaser reasonably believes to be a qualified institutional buyer or accredited investor and who executes an investor letter substantially in the form of this letter.

_____, as Purchaser

By: _____