

**CITY OF DUNKIRK
CHAUTAUQUA COUNTY, NEW YORK**
(the “City”)

\$650,000

PUBLIC IMPROVEMENT SERIAL BONDS, 2011 (FEDERALLY TAXABLE)
(the “Bonds”) (Book-Entry-Only)

NOTICE OF PRIVATE COMPETITIVE BOND SALE

Telephone (585) 394-4090, Fax (585) 394-4092 or written proposals will be received and considered by the undersigned City Treasurer of the City of Dunkirk, Chautauqua County, New York, at the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York on Tuesday, October 25, 2011, until 11:00 A.M., (Prevailing Time), at which time and place they will be publicly opened and announced, for the purchase, in federal funds, at not less than par and accrued interest of \$650,000 Public Improvement Serial Bonds, 2011 (Federally Taxable) (the “Bonds”), dated November 10, 2011 and maturing in the annual principal installments each calendar year on November 1 that, together with the interest thereon, are expected to provide for substantially level or declining annual debt service with respect to the Bonds as defined in Section 21.00(d) of the New York State Local Finance Law, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2012	\$55,000	2017	\$65,000
2013	55,000	2018	70,000
2014	60,000	2019	70,000
2015	60,000	2020	75,000
2016	65,000	2021	75,000

* Subject to adjustment by the Village in accordance with Section 58.00(c)(2) of the Local Finance Law.

The City may, after selecting the successful bidder, as provided herein, and by 3:00 o'clock P.M. (Prevailing Time) on the sale date, adjust such installments of principal to the extent necessary to meet the requirements of substantially level or declining annual debt service. Any such adjustment shall be conclusive, and shall be binding upon the successful bidder.

The Bonds will be dated November 10, 2011. The Bonds will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable on May 1, 2012, November 1, 2012 and semiannually thereafter on May 1 and November 1 in each year until maturity.

The Bonds will NOT be subject to redemption, in whole or in part, prior to maturity.

Interest will be calculated on the basis of thirty (30) days to the month and three hundred sixty (360) days to the year. Unless all bids are rejected, the Bonds will be awarded and sold to the bidder complying with the terms of this Notice of Private Competitive Bond Sale and offering to purchase the Bonds at the lowest net interest cost. The City reserves the right to reject any or all bids, and any bid not complying with this Notice of Private Competitive Bond Sale in all material respects may be rejected.

The record date for the Bonds is the fifteenth day of the calendar month preceding an interest payment date.

The Bonds will be issued in registered form by means of a book-entry-only system with no physical distribution of bond certificates to the public. One bond certificate for each maturity will be registered to Cede & Co. as nominee for the Depository Trust Company, New York, New York (“DTC”) and immobilized in its custody.

DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of individual purchasers of the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates being issued by the City) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds will be payable by the City or its agent by wire transfer or in clearinghouse funds 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 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 deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the successful bidder to obtain CUSIP numbers for the Bonds prior to delivery and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the successful bidder to obtain such numbers and to supply them to the City in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds 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 successful bidder.

Each proposal must be for all of the Bonds and must state in a multiple of one-hundredth of 1% or a multiple of one-eighth of 1%, the rate or rates of interest per annum which the Bonds are to bear and may state different rates of interest for Bonds maturing in different calendar years; provided, however, that (i) only one rate of interest may be bid for all Bonds maturing in any one calendar year and (ii) 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 any prior calendar year. 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 net interest cost computed in accordance with the net interest cost method of calculation, that being the rate or rates of interest which will produce the least interest cost over the life of the Bonds, after accounting for the premium offered, if any. If two or more such bidders offer to purchase the Bonds at the same net 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. If the premiums are the same, then the award shall be made by lot by the City Treasurer. The right is reserved to reject any or all bids, and any bid not complying in all material respects with this Notice of Private Competitive Bond Sale, except as provided above, may be rejected. A GOOD FAITH DEPOSIT WILL NOT BE REQUIRED.

The Bonds are issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Law and the Local Finance Law, and a bond resolution adopted by the Common Council of the City on July 2, 2007 authorizing the construction of the Boardwalk Market Building at a maximum estimated cost of \$1,000,000. Proceeds of the Bonds, along with \$50,000 of available funds of the City, will be used to redeem and retire an outstanding bond anticipation note of the City that was issued in the amount of \$700,000.

The Bonds are general obligations of the City. There is no limitation, either as to rate or amount, upon *ad valorem* taxes levied upon taxable real property in the City which may be required to pay the Bonds and the interest thereon, (except for certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). The State Constitution requires the City 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 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 City, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes, and also that the fiscal officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of the Bonds.

As a condition to the purchaser's obligation to accept delivery of and pay for the Bonds, such purchaser will be furnished, without cost, the following, dated as of the date of the delivery of and payment for the Bonds: (i) a Closing Certificate, constituting a 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 and (ii) the approving opinion of the law firm of Hodgson Russ LLP to the effect that the Bonds 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 Bonds and interest thereon (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York); such opinion will also state that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York), but that interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes.

THE CITY 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 SALE TO BE TRANSMITTED OVER THE TM3.

Copies of the Notice of Private Competitive Bond Sale may be obtained upon request from the offices of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number (585) 394-4090 or website at www.municipalsolution.com.

No official statement accompanies this Notice of Private Competitive Bond Sale.

October 17, 2011
Dunkirk, New York

Mark Woods
Treasurer and Chief Fiscal Officer

Additional copies of the Notice of Sale may be obtained upon request
from the Office of Municipal Solutions, Inc., 2528 State Route 21,
Canandaigua, New York 14424, telephone (585) 394-4090.
Website: www.municipalsolution.com

**PROPOSAL FOR \$650,000 PUBLIC IMPROVEMENT SERIAL BONDS, 2011 (FEDERALLY TAXABLE)
City of Dunkirk, Chautauqua County, New York**

Mark Woods, Treasurer
City of Dunkirk
c/o Municipal Solutions, Inc.
2528 State Route 21
Canandaigua, New York 14424
Telephone: 585-394-4090
Fax: 585-394-4092

Sale Date: October 25, 2011
11:00 A.M., Prevailing Time

Dated: November 10, 2011

Maturity Dates: November 1, 2012/2021

Dear Mr. Woods:

For the **\$650,000 Public Improvement Serial Bonds, 2011 (Federally Taxable) (the "Bonds") of the City of Dunkirk, Chautauqua County, New York**, that are the subject of the annexed Notice of Private Competitive Bond Sale, which is hereby made a part of this bid, we will pay \$650,000 plus a premium of \$_____ and accrued interest to date of delivery, provided that the Bonds maturing as set forth below shall bear interest in the indicated multiple(s) of 1/8th or 1/100th of one per centum (1%), from their dated date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2012	_____ %	2017	_____ %
2013	_____ %	2018	_____ %
2014	_____ %	2019	_____ %
2015	_____ %	2020	_____ %
2016	_____ %	2021	_____ %

The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Private Competitive Bond Sale, but not constituting any part of the foregoing proposal for the purchase of the Bonds.

Interest Rate.....	_____ %
Gross Interest Cost.....	\$ _____
Less Premium Bid Over Par.....	\$ _____
Net Interest Cost	\$ _____
Effective Net Interest Cost Rate.....	_____ %
	(Four Decimals)

Signature

Name of Financial Institution

Address

Telephone

Fax No.

Email Address