

**VILLAGE OF ELLICOTTVILLE
CATTARAUGUS COUNTY, NEW YORK**
(the "Village")

\$945,000

PUBLIC IMPROVEMENT SERIAL BONDS, 2011
(Designated/Bank Qualified) (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 Treasurer of the Village of Ellicottville, Cattaraugus County, New York, at the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York on Thursday, June 16, 2011, until 11:30 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 \$945,000 Public Improvement Serial Bonds, 2011 (the "Bonds"), dated June 30, 2011, and maturing in the annual principal installments each calendar year on August 15, together with the interest thereon as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$70,000	2018	\$65,000
2012	70,000	2019	60,000
2013	70,000	2020	60,000
2014	70,000	2021	60,000
2015	70,000	2022	55,000
2016	65,000	2023	55,000
2017	65,000	2024	55,000
		2025	55,000

The Bonds maturing on or before August 15, 2018 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after August 15, 2019 will be subject to redemption prior to maturity, at the option of the Village, on August 15, 2018 and on any date thereafter, 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), at par (100%), plus accrued interest to the date of redemption.

Notice of the call for such redemption shall be given by mailing such notice to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than twenty (20) days prior to the designated redemption 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. Interest shall cease to be paid thereon of the such redemption date.

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable on August 15, 2011 and semi-annually thereafter on February 15 and August 15, in each year until maturity or earlier redemption.

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 terms of this Notice of Sale and offering to purchase the Bonds at the lowest net interest cost. The Village reserves the right to reject any or all bids, and any bid not complying with this Notice of Sale will be rejected.

The record date for the Bonds is the last business 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 or its nominee ("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 in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the Village) 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 Village 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 Village 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 Village 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 Village in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Village; 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.

The Bonds will be executed and delivered to be held in escrow by DTC on or about June 29, 2011. The Bonds shall be paid for in Federal Funds or other funds available for immediate credit in New York, New York on or about June 30, 2011.

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 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 said 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. The right is reserved to reject any or all bids, and any bid not complying with this Notice of Sale, will be rejected. A GOOD FAITH DEPOSIT WILL NOT BE REQUIRED.

Said Bonds are issued pursuant to the Constitution and Statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and pursuant to bond resolutions adopted by the Village Board of Trustees on June 12, 2006 authorizing the issuance of serial bonds for the reconstruction of and construction of improvements to the Village sewer system (\$535,000) and March 10, 2008 authorizing the issuance of serial bonds for the reconstruction of and construction of improvements to the Village sewer system – Phase II (\$410,000).

The Bonds are general obligations of the Village. There is no limitation, either as to rate or amount, upon *ad valorem* taxes levied upon taxable real property in the Village which may be required to pay the Bonds and the interest thereon. The State Constitution requires the Village 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 Village, 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 Village may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

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 said 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, (ii) an arbitrage certificate executed on behalf of the Village which will include, among other things, covenants, relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the Village 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, 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, and (iii) the approving opinion of the law firm of Hodgson Russ, LLP, Buffalo, New York to the effect that the Bonds are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of *ad valorem* real estate taxes to pay the Bonds and interest thereon without limitation of rate or amount.

The Bonds are not subject to the requirements of SEC Rule Section 15c2-12 with respect to secondary market disclosure.

There is no Official Statement which accompanies this Notice of Private Competitive Bond Sale. Rule 15c2-12 promulgated by the United States Securities and Exchange Commission does not require the distribution of or offering document in connection with the sale of the municipal securities offered through this notice.

The purchaser shall be obligated to furnish to the Village, when and if requested, prior to the delivery of the Bonds, such information requested by the Village as shall be necessary to enable the Village to determine the "issue price" of the Bonds as defined in sections 1273 or 1274 of the Code.

The successful bidder may, at its option, refuse to accept the Bonds if prior to delivery of the Bonds any income tax law shall provide that the interest of such Bonds is taxable, or shall be taxable at a future date for Federal Income tax purposes.

THE VILLAGE 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 PRIVATE COMPETITIVE SALE TO BE TRANSMITTED OVER THE TM3.

Copies of the Notice of Private Competitive 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.

Dated: June 7, 2011
Ellicottville, New York

Mary J. Klahn
Village Treasurer and Chief Fiscal Officer

PROPOSAL FOR \$945,000 PUBLIC IMPROVEMENT SERIAL BONDS - 2011
Village of Ellicottville, Cattaraugus County, New York

Mary J. Klahn, Treasurer
 Village of Ellicottville, Cattaraugus County
 c/o Municipal Solutions, Inc.
 2528 State Route 21
 Canandaigua, New York 14424
 Telephone: 585-394-4090
 Fax: 585-394-4092

Sale Date: June 16, 2011
 11:30 A.M., Prevailing Time

Dated: June 30, 2011

Maturity Dates: August 15, 2011/2025

Dear Ms. Klahn:

For the **\$945,000 Public Improvement Serial Bonds - 2011 of the Village of Ellicottville, Cattaraugus County, New York**, that are the subject of the annexed Notice of Sale, which is hereby made a part of this bid, we will pay \$945,000 plus a premium of \$_____ and accrued interest to date of delivery, provided that the Bonds maturing 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>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2011	_____%	2016	_____%	2021	_____%
2012	_____%	2017	_____%	2022	_____%
2013	_____%	2018	_____%	2023	_____%
2014	_____%	2019	_____%	2024	_____%
2015	_____%	2020	_____%	2025	_____%

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 therein described

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.

 E-mail Address