



NOTICE OF SALE

**CITY SCHOOL DISTRICT OF THE CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK
(the "School District")**

\$44,000,000 BOND ANTICIPATION NOTES, 2011

SALE DATE: September 20, 2011 (Tuesday)
TIME: 11:30 o'clock a.m. (Prevailing Time)
LOCATION: Municipal Solutions, Inc.
2528 State Route 21
Canandaigua, New York 14424

NOTES DATED: September 29, 2011 (Thursday)
NOTES DUE: September 27, 2012 (Thursday)

Written proposals, telephone bids (telephone number: 585-394-4090) and facsimile transmission (FAX) bids (FAX number: 585-394-4092) will be received and considered by the undersigned President of the Board of Education of the City School District of the City of Middletown, Orange County, New York (the "School District") at the offices of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424 until 11:30 a.m. Prevailing Time on the 13th day of September, 2011 at which time and place the bids will be opened for the purchase at not less than par and accrued interest of \$44,000,000 Bond Anticipation Notes, 2011 of the City School District of the City of Middletown, Orange County, New York dated September 29, 2011 and maturing September 27, 2012. The Notes will NOT be subject to redemption, in whole or in part, prior to maturity. Interest on the Notes will be payable at maturity.

The timely delivery of all proposals submitted by telefax (FAX) must be in legible and completed form, signed by an authorized representative of the bidder, and shall be the sole responsibility of the bidder. The School District shall not be responsible for any errors and/or delays in transmission and/or receipt of such bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Education Law and the Local Finance Law and were authorized by the voters on December 18, 2008 and pursuant to a bond resolution dated October 30, 2008 authorizing \$61,490,000 serial bonds for the demolition of the elementary school and related site improvements located at 50 Roosevelt Avenue and construction of a new elementary school on the adjacent parcels of land in the School District.

The Notes are general obligations of the School District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property in the School District is subject to the levy of ad valorem taxes to pay the principal of the Notes and the interest thereon, subject to applicable statutory limits.

Principal of and interest on the Notes are payable in lawful money of the United States of America in Federal Funds. Paying agent fees, if any, are to be paid by the purchaser(s).

The Notes will be issued in the form of fully registered notes. If the Notes are issued in registered certificated form, payment of the principal and interest on such notes will be payable in Federal Funds at the Office of the School District Clerk in Middletown, New York.

Denominations, in multiples of \$5,000 or integral multiples thereof, as may be designated by the purchaser(s).

DTC Option: If the purchaser(s) notify Bond Counsel by 3:00 P.M., Prevailing Time on the date of sale, such Notes may be issued in the form of fully registered notes, in denominations corresponding to the aggregate principal amount of each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser(s) choose registered notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. 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 its participants, which include certain banks, trust companies and securities dealers, and the transfers 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 only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof, as may be designated by the purchaser(s). Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. 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 School District 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.

Delivery of the Notes will be in New York , New York, or at such other place as may be agreed with the purchaser(s), at no cost to the purchaser(s), on or about September 29, 2011, at approximately 11:30 a.m. Prevailing Time, against receipt of the purchase price of the Notes in Federal Funds.

Following the sale of the Notes, the successful bidder(s) will be required to provide the School District with certain information regarding the reoffering price to the public of the Notes. The successful bidder(s) shall furnish to the School District a certificate acceptable to Bond Counsel, dated as of the day of closing for the Notes, to allow Bond Counsel to determine the "issue price" of the Notes. Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after the appropriate investigation.

Any party executing and delivering a bid for the Notes agrees, if its bid is accepted by the School District, to provide to the School District, in writing, within two business days after the date of such award, all information which said successful bidder(s) determines is necessary for it to comply with SEC Rule 15c2-12 (the "Rule"), including all necessary pricing and sale information, information with respect to the purchase of municipal bond insurance, if any, and underwriter identification. Within five business days following receipt by the School District thereof the School District will furnish to the successful bidder(s), in reasonable quantities as requested by the successful bidder(s), copies of said Official Statement, updated as necessary, and supplemented to include said information. Failure by the successful bidder(s) to provide such information will prevent the School District from furnishing such Official Statement as described above. The School District shall not be responsible or liable in any manner for the successful bidder's(s) determination of information necessary to comply with the Rule or the accuracy of any such information provided by the successful bidder(s) or for failure to furnish such Official Statement 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 successful bidder(s) of such final Official Statement shall be conclusive evidence of the satisfactory completion of the obligations of said School District with respect to the preparation and delivery thereof.

CUSIP identification numbers will be printed on the Notes if the purchaser(s) provides Bond Counsel with such numbers by telefax or by any other mode of written communication (verbal advice will not be accepted) by 3:00 p.m. Prevailing Time on the date 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 School District; 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).

As a condition to the purchaser's(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 of and payment for the Notes: (i) a Certificate of the President of the Board of Education certifying that (a) as of the date of the Official Statement furnished by the School District in relation to the Notes (which Official Statement is deemed by the School District to be final for purposes of Securities and Exchange Commission Rule 15c2-12, except for the omission therefrom of those items allowable under said Rule), the Official Statement did not contain any untrue statements of a 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 School District 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 or misleading, and (b) to his knowledge, since the date of the Official Statement, there have been no material adverse changes in the general affairs of the School District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the 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 School District which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Notes that the School District 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 investments made with the proceeds of the Notes and investment earnings thereon, making required payments to the Federal government, if any, with regard to both the Notes and any obligations refunded with proceeds of the Notes 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 School District, executed by the School District Treasurer, stating that the School District 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 unqualified legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Reference should be made to the sections entitled "Legal Matters" and "Tax Matters" in the Official Statement.

The terms of the bidding are as follows: Each bid must be for all or a portion of the Notes and must state a single rate of interest therefor in a multiple of one-eighth (1/8th) or one-hundredth (1/100th) of one per centum (1%) per annum. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, that being the rate of interest which will produce the least interest cost over the life of the Notes, after accounting for the premium offered, if any; provided, however, that if two or more bidders offer to purchase the Notes at the same lowest net interest cost, the Notes will be awarded first to the bidder offering to purchase the larger lot of the Notes at said lowest net interest cost and then, if necessary, to one of said bidders selected by the Sale Officer by lot from among all said bidders. The right is reserved 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 the bidder will be pro-rated. In any event, award of the Notes will be made on the basis of the bid or combination of bids offering to purchase the Notes on the terms most favorable to the School District. The right is reserved to reject all bids, and any bid not complying with this Notice of Sale will be rejected. Interest will be computed on the basis of 30 days to the month and 360 days to the year.

A detailed Official Statement will be furnished to any interested bidder upon request and should be read in conjunction with this Notice of Sale.

Dated: September 13, 2011
Middletown, New York

Edwin Estrada
President, Board of Education
and Chief Fiscal Officer

Additional copies of the Notice of Sale and Official Statement 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 \$44,000,000 BOND ANTICIPATION NOTES, 2011
City School District of the City of Middletown, Orange County, New York**

Edwin Estrada, President, Board of Education
City School District of the City of Middletown
c/o Municipal Solutions, Inc.
2528 State Rt. 21
Canandaigua, New York 14424
Telephone (585) 394-4090, Telefax (585) 394-4092

Sale Date: September 20, 2011
11:30 A.M., Prevailing Time

Dated Date: September 29, 2011

Maturity Date: September 27, 2012

Dear Mr. Estrada:

We hereby submit the following proposal for the purchase, in Federal Funds, of the **\$44,000,000 Bond Anticipation Notes, 2011, of the City School District of the City of Middletown, Orange County, New York**, dated September 29, 2011, maturing September 27, 2012, without the option of prepayment as described in the annexed Notice of Sale which is hereby made a part of this bid.

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal for the purchase of the \$44,000,000 Notes.

Bid No.	Principal Amount	Interest Rate	Premium	Net Interest Cost
1	\$	%	\$	%
2	\$	%	\$	%
3	\$	%	\$	%
4	\$	%	\$	%

In the event we are awarded all or any portion of said Notes, we will promptly notify you of the manner in which the Notes are to be issued as registered notes and of the denominations and paying agent desired in accordance with the terms of the Notice of Sale.

Book-Entry / DTC _____

or

“Local” Closing _____

Signature

Name of Financial Institution

Address

Telephone

Fax No.

Email