

**NOTICE OF SALE**

**TOWN OF PORTLAND  
CHAUTAUQUA COUNTY, NEW YORK  
(the "Town")**

**\$1,427,000 BOND ANTICIPATION NOTE FOR WATER DISTRICT NO. 7 - 2011  
(the "Notes")**

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**LEGAL OPINION:** Hawkins Delafield & Wood LLP, New York, New York  
Robert P. Smith, Esq., telephone: 212-820-9662; fax: 212-344-6258  
William J. Jackson, Esq., telephone: 212-820-9620; fax: 212-344-6258

**PRINCIPAL AMOUNT:** \$1,427,000

**BANK DESIGNATED / QUALIFIED:** The Note shall be designated as a bank-qualified Note, under section 265 of the Internal Revenue Code of 1986, as amended.

**DISCLOSURE INFORMATION:** Please refer to our website: [www.municipalsolution.com](http://www.municipalsolution.com) to view a summary of financial information. If you require additional information, please contact our Canandaigua Office at 585-394-4090.

**INVESTMENT INTENT:** The Notes are to be sold to no more than thirty-five persons, in minimum denominations of \$100,000, each of whom the participating underwriter reasonably believes (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and (ii) is not purchasing for more than one account or with a view to distributing the securities. The Town will not be preparing an Official Statement or other offering documents in connection with the sale of the Notes.

**DATE OF ISSUANCE & MATURITY:** September 22, 2011 (Thursday) to March 22, 2012 (Thursday)

**DAYS OUTSTANDING:** 180

**CALLABLE:** On or after December 21, 2011 with twenty (20) days prior written notice.

**SALE DATE & TIME:** September 8, 2011 (Thursday) at 11:00 a.m. – Canandaigua, NY

**CLOSING DATE & TIME:** September 22, 2011 (Thursday) by 11:00 a.m.

**PURPOSE:** Pursuant to two bond resolutions duly adopted by the Town Board on April 11, 2007 and amended on August 23, 2010, authorizing the issuance of \$2,050,000 in serial bonds for the establishment of Water District No. 7 in the Town. The Town has received two Letters of Conditions from the United States Department of Agriculture Rural Development ("USDA RD") notifying the Town that the USDA RD will purchase the Town's long term bonds upon substantial completion of its project. The first Letter of Conditions, dated April 16, 2007, approved a Rural Utilities Services ("RUS") loan in the amount of \$500,000, and a grant not to exceed \$473,000. The term of the USDA RD loan will be for a period not to exceed 38 years at an interest rate

not to exceed 4.125%. The second Letter of Conditions, dated November 9, 2010, approved a RUS loan in the amount of \$506,000, and a grant not to exceed \$417,000. The term of the USDA RD loan will be for a period of 38 years at an interest rate of 2.25%. These funds are to be used in conjunction with an Appalachian Regional Commission Grant not to exceed \$150,000. These financing opportunities are contingent upon satisfaction of the terms and conditions contained in the letter of commitment from the various funding agencies. A copy of said commitment letter, are available from the offices of Municipal Solutions, Inc. upon request.

**SECURITY AND  
SOURCE OF PAYMENT:**

The Notes are general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property within the Town, subject to the limitations imposed by the Chapter 97 of the Laws of 2011 (the “New Tax Levy Limit Law”). Prior to the enactment of the New Tax Levy Limit Law, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the Notes and interest thereon without limitation as to rate or amount; however, the power of the Town to levy unlimited real estate taxes on all the real property in the Town may or may not be subject to the statutory limitations imposed by the New Tax Levy Limit Law, depending upon the interpretation of such statute by a court of competent jurisdiction in the event of a legal challenge.

Each bid must be for all 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. The premium bid, if any, by any bidder shall not exceed \$100,000. Unless all bids are rejected, the Notes will be awarded to the bidder 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. For purposes of evaluating bids received, net interest cost will be calculated on the assumption that the Notes will be held to maturity. In any event, the award of the Notes will be made on the basis of the bid offering to purchase the Notes on terms most favorable to the Town. If two or more such bidders offer to purchase the Notes at the same net interest cost, computed as described above, the Notes will be awarded to the bidder whose bid offers to purchase the Notes at the highest premium dollar amount. If the premiums are the same, then the award shall be made by lot by the Town Supervisor. 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.

PAYMENT SHALL BE MADE IN FEDERAL FUNDS. THE PURCHASER SHALL HAVE THE OPTION OF HAVING THE NOTES ISSUED AS PHYSICAL CERTIFICATES OR IN THE FORM OF BOOK-ENTRY-ONLY NOTES REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE FOR THE DEPOSITORY TRUST COMPANY (DTC). THE NOTES WILL BE ISSUED IN REGISTERED FORM IN DENOMINATIONS OF \$100,000, OR GREATER, AS MAY BE DETERMINED BY SUCH PURCHASER(S).

MUNICIPAL SOLUTIONS, INC.  
2528 Route 21, Canandaigua, New York 14424  
Phone: 585-394-4090  
Fax: 585-394-4092  
[www.municipalsolution.com](http://www.municipalsolution.com)

**PROPOSAL FOR \$1,427,000 BOND ANTICIPATION NOTE FOR WATER DISTRICT NO. 7 - 2011  
Town of Portland, Chautauqua County, New York**

Daniel F. Schrantz, Supervisor  
Town of Portland  
c/o Municipal Solutions, Inc.  
2528 State Rt. 21  
Canandaigua, New York 14424  
Telephone (585) 394-4090, Telefax (585) 394-4092

Sale Date: September 8, 2011  
11:00 A.M Prevailing Time

**Dated: September 22, 2011**

**Maturity Date: March 22, 2012**

Dear Mr. Schrantz:

For the **\$1,427,000 Bond Anticipation Note for Water District No. 7 - 2011 (the "Notes") of the Town of Portland, Chautauqua County, New York**, dated September 22, 2011 and maturing March 22, 2012, with the option of prior redemption, on or after December 21, 2011 with twenty (20) days prior written notice, as described in the annexed Notice of Sale which is hereby made a part of this bid, we will pay \$1,427,000 and a premium of \$\_\_\_\_\_ at the rate of \_\_\_\_\_% per annum expressed in a multiple of one-eighth or one-hundredth of one per centum.

The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Sale, and is not a part of the foregoing proposal for the purchase of the Notes.

Gross Interest Cost .....	\$ _____
Less Premium Bid Over Par (limited to \$100,000) .....	\$ _____
Net Interest Cost .....	\$ _____
Effective Net Interest Cost Rate .....	_____ % (Four Decimals)

Please Specify Form of Notes:

- 1) Book-Entry / DTC \_\_\_\_\_
- 2) Local "Bearer" Closing \_\_\_\_\_
- 3) Registered to Purchaser \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Financial Institution

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Fax No.

\_\_\_\_\_  
E-Mail Address