

VILLAGE OF BRIGHTWATERS
IN THE COUNTY OF SUFFOLK
NEW YORK
NOTICE OF \$1,650,000 BOND SALE

PROPOSALS will be received by the Village Treasurer, Village of Brightwaters, Suffolk County, New York, at the offices of Liberty Capital Services, LLC, 1205 Franklin Avenue, Suite 335, Garden City, New York 11530 (Telephone No. (516) 877-0797; Fax No. (516) 877-0069) on Tuesday, May 10, 2016, until 11:00 o'clock A.M. (Prevailing Time), via iPreo's Parity Electronic Bid Submission System ("Parity") or by facsimile transmission, at which time they will be publicly opened and announced, for the purchase of **\$1,650,000 Public Improvement Serial Bonds-2016** (referred to herein as the "Bonds") due on August 1, in the annual principal installments as shown below:

\$165,000 in the year 2016	\$ 1625,000 in the year 2021
165,000 in the year 2017	165,000 in the year 2022
165,000 in the year 2018	165,000 in the year 2023
165,000 in the year 2019	165,000 in the year 2024
165,000 in the year 2020	165,000 in the year 2025

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 (1) 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 TM3 OR THE THOMSON MUNICIPAL NEWS WIRE.

The Bonds will be dated their date of delivery, which is expected to be May 24, 2016, and will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable on August 1, 2016 and semiannually thereafter on February 1 and August 1 in each year until maturity.

The Bonds will be issued in the form of fully registered bonds, in denominations corresponding to the aggregate principal amounts due in each year of maturity. As a condition to delivery of the Bonds, the successful bidder will be required to cause such bond certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, 55 Water Street, 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 beneficial 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 "Record Date" for the Bonds will be the close of business on the fifteenth day of the month preceding each interest payment date.

Each proposal must be a bid of not less than \$1,650,000 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 in any prior calendar year. **The maximum premium offered, if any, shall be \$100,000.**

Proposals may be submitted electronically via Parity or via facsimile transmission at (516) 877-0069, in accordance with this Notice of Sale, until the time specified herein. No other form of electronic bidding services nor telephone proposals will be accepted. No proposal will be accepted after the time for receiving proposals specified above. Bidders submitting proposals via facsimile must use the "Proposal for Bonds" form attached hereto. Once the proposals are communicated electronically via Parity or via facsimile to the Village, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms therein provided.

Prospective bidders wishing to submit an electronic bid via Parity must be contracted customers of Parity. Prospective bidders who do not have a contract with Parity must call (212) 849-5021 to become a customer. By submitting an electronic bid for the Bonds, a bidder represents and warrants to the Village that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

Each prospective bidder who wishes to submit electronic bids shall be solely responsible to register to bid via Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Village nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and

neither the Village nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The Village is using Parity as a communications mechanism, and not as the Village's agent, to conduct the electronic bidding for the Village's Bonds. The Village is not bound by any advice or determination of Parity as to whether any bid complies with the terms of this Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders, and the Village is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid, or submitting or modifying a bid for the Bonds, it should telephone Parity and notify the Village's Financial Advisor, Liberty Capital Services, LLC, at 516-877-0797 (provided that the Village shall have no obligation to take any action whatsoever upon receipt of such notice).

If any provisions of this Notice of Sale shall conflict with information provided by Parity, as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about Parity, including any fee charged, may be obtained from Parity at (212) 849-5021. The time maintained by Parity shall constitute the official time with respect to all bids submitted.

A good faith deposit will NOT be required in connection with the submission of a proposal for the Bonds.

The Bonds will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Bonds at the lowest net interest cost, and if two or more such bidders offer the same lowest net interest cost, then to one of said bidders selected by the Sale Officer by lot from among all said bidders. **The maximum premium offered, if any, shall be \$100,000.** The successful bidder must also pay an amount equal to the interest on the Bonds, if any, accrued to the date of payment of the purchase price.

Award of the Bonds to the successful bidder, or rejection of all bids, is expected to be made promptly after opening of the bids, but the successful bidder may not withdraw his proposal until after 2:00 o'clock P.M. (Prevailing Time) of the day of such bid-opening and then only if such award has not been made prior to the withdrawal. The successful bidder will be promptly notified of the award to him.

The right is reserved to reject all bids and any bid not complying with the terms of this notice will be rejected.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the Bonds resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the

purchaser of the Bonds to accept delivery of and pay for said Bonds in accordance with the terms hereof.

The proceeds of the Bonds will be used to provide original financing for (i) the construction of road improvements in the Village, and (ii) the acquisition of DPW equipment, as described in the Preliminary Official Statement, dated April 27, 2016, circulated in connection with the sale of the Bonds.

The Bonds shall be general obligations of the Village and shall contain a pledge of the faith and credit of the Village for the payment of the principal thereof 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.

For the payment of such principal of and interest on the Bonds, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"). (See the "*Tax Levy Limit Law*" in the Preliminary Official Statement prepared and circulated in connection with the sale of the Bonds).

The population of the Village is 3,103 according to the 2010 U.S. Census. The debt statement prepared as of April 16, 2016, shows the five year average full valuation of real property subject to taxation by the Village to be \$505,075,512, its debt limit to be \$35,355,285 and its total net indebtedness (exclusive of the Bonds) to be \$-0-. The issuance of the Bonds will increase the total net indebtedness of the Village by \$1,650,000.

The Bonds will be delivered to DTC and shall be paid for in Federal Funds on or about May 24, 2016, at such place in New York City, and on such business day and at such hour, as the Sale Officer shall fix on three business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder. 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 successful bidder will be furnished without cost with the approving opinion of the law firm of Hawkins Delafield & Wood LLP, New York, New York (“Bond Counsel”) 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, subject to the limitations imposed by the Tax Levy Limit Law. The opinion shall also discuss the treatment of interest on the Bonds under applicable tax laws, as further described in the section entitled “*Tax Matters*” in the Preliminary Official Statement prepared and circulated in connection with the sale of the Bonds. Said opinion shall contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm gives no assurances as to the adequacy, sufficiency or completeness of the Official Statement of the Village relating to the Bonds, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Bonds which have been or may be furnished or disclosed to purchasers of the Bonds.

The successful bidder may at his option refuse to accept the Bonds if prior to their delivery the Certificate referred to in the following paragraph in form and tenor satisfactory to Bond Counsel is not delivered or if any income tax law of the United States of America is hereafter enacted which shall provide that the interest thereon is taxable, or shall be taxable at a future date, for federal income tax purposes, and in such case the deposit made by him will be returned and he will be relieved of his contractual obligations arising from the acceptance of his proposal.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. As part of the Village’s contractual obligation arising from its acceptance of the successful bidder’s proposal, the Village will execute, concurrently with the delivery of the Bonds, a Tax Certificate, which will contain provisions and procedures relating to compliance with the requirements of the Code and a certification to the effect that the Village will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code.

The opinion of Bond Counsel will state that, under existing statutes and court decisions and assuming continuing compliance with the provisions and procedures set forth in the Tax Certificate, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code; and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed upon

such corporations. In addition, the opinion of Bond Counsel will state that, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

The Village will designate the Bonds as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

The successful bidder also must submit to the Village a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel, prior to the delivery of the Bonds, which states that:

(a)(i) on the date of award, such successful bidder made a *bona fide* public offering of all Bonds of all maturities at initial offering prices corresponding to the prices or yields indicated in the information furnished in connection with the successful bid, and (ii) as of such date, the first price at which an amount equal to at least ten percent of each maturity of the Bonds was sold to the public was a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the "first price rule"), with the exception of those maturities, if any, identified in such certificate, as to which such certificate shall explain the reasons why the first price rule was not satisfied, OR

(b) such successful bidder has purchased the Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary, and the price or prices at which such purchase was made.

For the purposes of the Reoffering Price Certificate, the "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. In making such representations, the successful bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

The Preliminary Official Statement is in a form "deemed final" by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 but may be modified or supplemented as noted below. At the time of the delivery of the Bonds, the Village will provide an executed copy of its "Undertaking to Provide Limited Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Village for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking: (i) the audited financial statement of the Village for each fiscal year or the Village's Annual Financial Report Update Document (unaudited), in the event that the Village does not prepare an audited financial statement; (ii) the adopted budget of the Village for each fiscal year; (iii) any other financial information or operating data regarding the Village, which is customarily prepared by the Village and is publicly available; (iv) timely notice of the occurrence of certain events, as enumerated in Rule 15c2-12; and (v) upon request, certain other annual financial and operating data as specified in the Undertaking.

The Village will provide a reasonable number of Official Statements to the successful bidder within five (5) business days following receipt of a written request therefor made to the Village and its financial advisor. Such request may specify the applicable (a) offering price(s), (b) selling compensation, (c) rating(s), (d) credit enhancement and (e) identity and complete name of such bidder and any participating underwriters, and if so, the Official Statement will be modified or supplemented by the information so specified. Neither the Village nor its financial advisor shall be liable in any manner for any delay, inaccuracy, or omission on the part of the successful bidder with respect to such request, nor shall the Village's failure, as a result thereof, to provide the Official Statement (whether or not modified or supplemented) within the above time period, constitute cause for a failure or refusal by such bidder to accept delivery of and pay for the Bonds in accordance with the terms hereof.

Other than as may be set forth in the Official Statement dated April 27, 2016, the Village is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12 during each of the past five years.

The obligation hereunder to deliver or accept the Bonds pursuant hereto shall be conditioned on the availability to the successful bidder and delivery at the time of delivery of the Bonds of said approving opinion; of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor and including a statement, dated as of the date of such delivery, to the effect that there is no litigation pending or threatened relating to the Bonds; and of the several certificates as described in the Official Statement under the heading "*Documents Accompanying Delivery of the Bonds.*" A copy of said approving opinion will appear on the Bonds.

Copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of the Village of Brightwaters, 40 Seneca Drive, Brightwaters, New York 11718, telephone number (631) 655-1280 or from Liberty Capital Services, LLC, 1205 Franklin Avenue, Suite 335, Garden City, New York 11530 (Telephone No. 516-877-0797, Fax No. 516-877-0069).

Dated: April 27, 2016

Donna M. Barnett
Village Treasurer

[THIS PAGE WAS INTENTIONALLY LEFT BLANK]

PROPOSAL FOR BONDS

May 10, 2016

Donna M. Barnett
Village Treasurer
Village of Brightwaters
c/o Liberty Capital Services, LLC
1205 Franklin Avenue, Suite 335
Garden City, New York 11530

Fax No. 516-877-0069

Dear Ms. Barnett:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated April 27, 2016, which is hereby made a part of this Proposal, we offer to purchase all of the \$1,650,000 Public Improvement Serial Bonds-2016 of the Village of Brightwaters, New York, described in said Notice of Sale, and to pay therefor the price of \$1,650,000 plus \$_____ (maximum \$100,000), plus interest, if any, accrued on said Bonds from their date to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Table with 2 columns: Bonds maturing in the year (2016-2025) and interest rate (%). Each row contains a blank line for the interest rate percentage.

There is no good faith deposit requirement in connection with the submission of a proposal for the Bonds.

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 \$1,650,000 (subject to change) bonds under the foregoing Proposal:

Table with 2 columns: Description (Gross Interest, Less Premium Bid Over Par, Net Interest Cost, Net Interest Rate) and Amount (Dollars or Percentages). Includes a note '(four decimals)' for the Net Interest Rate.

By: _____
Firm Name: _____
Telephone () _____ - _____
Fax: () _____ - _____