

Capital Markets Advisors, LLC

Independent Financial Advisors

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TERM SHEET

ISSUER: Hempstead Union Free School District
Nassau, New York

ISSUE: \$10,000,000 Revenue Anticipation Notes for 2018-2019 State Aid (the "Notes")

SALE DATE: February 7, 2019 at 11:30 a.m.

DATE OF DELIVERY: February 14, 2019

DATE OF MATURITY: June 27, 2019

DENOMINATION(S): One hundred thousand (\$100,000) minimum denominations and five thousand (\$5,000) increments thereof.

DELIVERY: In New, York New York or such other place as the District and purchaser(s) shall agree on or about February 14, 2019.

CALL FEATURE: The Notes will not be subject to redemption prior to maturity.

LEGAL OPINION: Approving legal opinion of Hawkins Delafield & Wood LLP, Bond Counsel, will be provided at closing. The form of opinion of Bond Counsel attached as Exhibit A.

FORM: The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to the respective successful bidder at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. 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 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.

CUSIP identification numbers will be printed on the book-entry Notes if Bond Counsel is provided with such numbers by the close of business on the Sale Date 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 thereof to accept delivery and pay for the Notes in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the 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. DTC is an automated depository for securities and a clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry-only system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfer 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 be made only through book entries made on the books and records of DTC (or a successor depository) and its participants.

The District will act as Paying Agent for the Notes issued in book-entry form. For those Notes issued as certificated debt, the purchaser will be, or named, Fiscal Agent. Fiscal Agent fees, if any, will be paid for by the purchaser. The District's contact information is as follows: Edward A. Cullen, School Business Consultant, Phone: 516-434-4068, and email: ecullen160@aol.com

DESIGNATION:

The Notes WILL NOT be designated and qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**AUTHORITY FOR AND
PURPOSE OF ISSUE:**

The Notes are issued pursuant to the Constitution and Laws of the State, including the Local Finance Law, the Education Law and a revenue anticipation note resolution duly adopted by the Board of Education on February 7, 2019, authorizing the District to issue the Notes in anticipation of the receipt of certain moneys apportioned to the District by the State of New York for the fiscal year ending June 30, 2019.

The Notes are being issued in anticipation of State aid, the receipt of which has been included as estimated revenue in the District's 2018-19 Adopted Budget. Proceeds of the Notes will be used to offset the effects of normal timing differences between cash receipts and disbursements. The proceeds of the Notes may be used only for the purposes of paying the expenses of the District for said fiscal year payable from the State aid in anticipation of which they are issued.

Pursuant to Section 25.00(g) of the Local Finance Law, generally, whenever the amount of the Notes and any additional revenue anticipation notes issued by the District in anticipation of the receipt of 2018-19 State aid equals the amount of such State aid remaining to be received, the District is required to set aside in special bank accounts all of such State aid as thereafter received, and to use the amounts so set aside only for the purpose of paying such notes. Interest on the Notes will be provided from budgetary appropriations.

In the event the aforementioned State aid moneys are not received on or before the maturity date for the Notes, the Notes may be renewed from time to time. In the event such State aid moneys in anticipation of which the Notes have been issued have not been received by the final maturity of the Notes or any renewals thereof, the principal of and interest on the Notes or any renewals thereof will be paid from other available District moneys.

BIDDING REQUIREMENTS:

Bids may be made for all or a portion of the Notes. The minimum bid shall be \$1,000,000. All bids less than \$1,000,000 will be rejected. Each bid must state: (i) the principal amount of the Notes to be purchased pursuant to such bid and (ii) in a multiple of one hundredth (1/100th) or one-eighth (1/8th) of one percent, a rate of interest per annum which the Notes bid shall bear. Interest will be calculated on the basis of a 30-day month and 360-day year. Each bidder may submit one or more bids for all, or less than all, of the aggregate principal amount of the Notes offered, but each bid submitted must comply with the foregoing requirements. Conditional bids will be rejected.

If a facsimile bid is submitted, such Bid must be made on the "Proposal for Notes" accompanying the Term Sheet.

Unless all bids are rejected, the Notes will be awarded and sold to the bidder(s) complying with the terms of sale and offering to purchase the Notes at the lowest net interest cost. The right is reserved by the District to award to any bidder all or any part of the Notes which such bidder offers to purchase. If two or more such bidders offer the same lowest net interest cost, then the Notes will be awarded and sold to one of said bidders selected by the Sale Officer by lot from among all said bidders. The right is further reserved by the Issuer to reject any or all bids, and any bid not complying with this Term Sheet will be rejected. Award of the Notes is expected to be made promptly after opening of the bids, but the successful bidder(s) may not withdraw their proposals until two (2) hours after the time set forth above on the day of such bid opening and then only if such award has not been made prior to the withdrawal.

OFFICIAL STATEMENT:

The District has **not** prepared an Official Statement in connection with the sale of the Notes. A copy of the District's projected cash flow statement is attached along with a copy of its most recent audited financial statement. Additional information concerning the District is available upon request to Capital Markets Advisors, LLC, the District's Financial Advisor.

BOND RATING:

The Notes are not rated. S&P rates the long term bonds of the District 'A-' with a negative outlook.

TAX STATUS:

The opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, shall state that under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described in the Tax Certificate executed by the District, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, the opinion of Bond Counsel the District shall also state that under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

NATURE OF OBLIGATION:

The Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof. The Notes are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, subject to certain statutory limitations imposed by the Tax Levy Limit Law, as hereinafter defined.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation on the power of local governments

and school districts, including the District, to increase their annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, such as the Notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

STATE INTERCEPT: The Notes are eligible for the protections afforded by Section 99-b of the New York State Finance Law.

ISSUE PRICE CERTIFICATE: The purchaser shall provide an executed Issue Price certificate, in a form acceptable to the District and Bond Counsel, at closing.

ISSUER CONTACT: Hempstead Union Free School District
185 Peninsula Boulevard
Hempstead, NY 11550
Contact: Edward A. Cullen
School Business Consultant
(516) 434-4068
ecullen160@aol.com

FINANCIAL ADVISOR: Capital Markets Advisors, LLC
11 Grace Ave – Suite 308
Great Neck, NY 11021

Contact: Alexander Kerr
(516) 274-4501
akerr@capmark.org

BOND COUNSEL: Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street, 41st Floor
New York, New York 10007

Contact: Martin Geiger, Esq.
(212)-820-9406
mgeiger@hawkins.com

Contact: William J. Jackson, Esq.
(212)-820-9620
wjackson@hawkins.com

PROPOSAL FOR NOTES

President of the Board of Education
Hempstead Union Free School District
c/o Capital Markets Advisors, LLC
11 Grace Ave. – Suite 308
Great Neck, New York 11021

February 7, 2019

TELEPHONE: (516) 274-4501

FACSIMILE: (516) 364-9501

HEMPSTEAD UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

\$10,000,000
REVENUE ANTICIPATION NOTES FOR 2018-2019 STATE AID
(the "Notes")

DATED: February 14, 2019

MATURITY DATE: June 27, 2019

	Amount	Interest Rate	Premium	Net Interest Cost*
Bid 1	\$	%	\$	%

Form of Note: Book-Entry-Only, or Registered to Purchaser
(circle one)

Signature: _____

Name of Bidder: _____

Address of Bidder: _____

Tel. (Area Code): _____ Fax (Area Code): _____