

# Capital Markets Advisors, LLC

*Independent Financial Advisors*

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## TERM SHEET

|                              |   |
|------------------------------|---|
| <b>ISSUER:</b>               | Town of Montgomery (the "Town")<br>Orange County, New York  |
| <b>ISSUE:</b>                | \$3,278,091 Bond Anticipation Notes, 2021 (Renewals) Series A (the "Notes")   |
| <b>SALE DATE:</b>            | March 18, 2021 (11:00 a.m. prevailing time)   |
| <b>DATE OF ISSUE:</b>        | March 31, 2021  |
| <b>DATE OF MATURITY:</b>     | October 1, 2021   |
| <b>DELIVERY:</b>             | Delivery of the Notes will be in Montgomery, New York or Jersey City, New Jersey on or about March 31, 2021 or as otherwise mutually agreed upon by the Town and the purchaser.   |
| <b>CALL FEATURE:</b>         | The Notes will not be subject to optional redemption prior to maturity.   |
| <b>LEGAL OPINION:</b>        | Orrick, Herrington & Sutcliffe LLP.   |
| <b>NATURE OF OBLIGATION:</b> | The Notes are general obligations of the Town and the faith and credit of the Town shall be pledged for payment of the principal of and interest on the Notes. All the taxable real property in the Town will be subject to the levy of ad valorem taxes, sufficient to pay the principal of and interest on the Notes, subject to applicable statutory limitations.  |
| <b>FORM:</b>                 | <p>The Note will be issued in registered form. The Note may be either registered to the purchaser or registered in the name of Cede &amp; Co., as nominee for The Depository Trust Company, New York ("DTC") as a book-entry note.</p> <p>If registered to the purchaser, the Notes will be issued in the form of a single note certificate. Principal of and interest on such Note will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder, at their expense.</p> <p>If the Notes are issued as book-entry-only-notes registered to Cede &amp; Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes.</p> <p><b><i>Individual purchases of such registered Notes may be made in denominations of \$100,000 or integral multiple thereof, except one note which is or includes \$178,091.</i></b> 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 at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede &amp; 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.</p> |

CUSIP identification numbers will be printed on the book-entry-only 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 Town; 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. If the Notes are issued in DTC-registered form, the Town will act as Fiscal Agent for the Notes. The Town's contact information is as follows: Bernard Bowen, Bookkeeper of Finance, 110 Bracken Road, Montgomery, NY 12549, (845) 457-2600 x8, e-mail: [bbowen@townofmontgomery.org](mailto:bbowen@townofmontgomery.org).

**TAX-EXEMPT STATUS:**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

THE NOTES **WILL** BE DESIGNATED AS 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 shall be issued pursuant to the Constitution and the Laws of the State and bond resolutions duly adopted by the Town Board on various dates. The proceeds of the Notes, together with \$70,000 of available funds, will be used to redeem the Town's \$3,348,091 Bond Anticipation Note, 2020 (Renewal) maturing on April 1, 2021, as per the table below.

| Purpose                       | Amount Outstanding | Note Paydowns   | Amount of the Notes |
|-------------------------------|--------------------|-----------------|---------------------|
| Wastewater Treatment Facility | \$800,740          | \$15,000        | \$785,740           |
| Hawkins Water District        | 358,461            | 20,000          | 338,461             |
| Neelytown Water District      | 2,188,890          | 35,000          | 2,153,890           |
| Totals:                       | <u>\$3,348,091</u> | <u>\$70,000</u> | <u>\$3,278,091</u>  |

**BIDDING REQUIREMENTS:**

Bid must be made for all of the Notes and must state in a multiple of one-hundredth or one-eighth of 1% rate of interest per annum which such Notes shall bear. The Notes will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Notes 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 lot from among all said bidders.

The right is reserved to reject any or all bids and any bid not complying with the terms of this term sheet will be rejected. Conditional bids will not be accepted.

## WINNING BIDDER

**CERTIFICATE REQUIREMENTS:** Following the sale of the notes, on the Sale Date, the successful bidder will be required to provide to the Town and its Bond Counsel certain information regarding the reoffering price to the public of the notes. If the winning bidder is purchasing the notes for its own account and not with a view to distribute or resale, they should inform the municipal advisor at the time of award and a certificate to that effect will be required on or before closing. Otherwise, the successful bidder also must submit to the Town a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel, dated as of the day of the delivery of the notes, which assuming three bids from underwriters are received, states:

(a)(i) on the date of award, such successful bidder made a bona fide public offering of the notes at the initial offering price corresponding to the price or yield indicated in the information furnished in connection with the successful bid, and (ii) as of such date, the first price or yield at which an amount equal to at least ten percent of the notes was reasonably expected to be sold to the public was, respectively, a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the "first price rule"), and (iii) provides a copy of the pricing wire or equivalent communication for the notes attached to the Reoffering Price Certificate. The term "public" as used herein means any persons including an individual, trust, estate, partnership, association, company or corporation (other than the successful bidder(s) or a related party to the successful bidder(s), being two or more persons who have greater than 50% common ownership directly or indirectly, or any person that agrees pursuant to a written contract or other agreement with a successful bidder to participate in the initial sale of the notes to the public). (b) the successful bidder was not given the opportunity to review other bids prior to submitting its bid. (c) the bid submitted by the successful bidder constituted a firm offer to purchase the notes.

In the event that at least three bids are not received by the Town on the Sale Date, and at least ten percent of the notes have been sold on the Sale Date, the successful bidder shall certify as to the first price or yield at which ten percent of the notes was sold in accordance with the first price rule and provide a copy of the pricing wire or equivalent communication.

In addition, in the event that (1) at least three bids are not received by the Town on the Sale Date, and (2) 10% of the notes have not been sold on the Sale Date, the successful bidder (and any members of its underwriting group or syndicate) shall have the option (i) to provide to the Town (or its agents) ongoing pricing information, together with reasonable supporting documentation acceptable to bond counsel (such as the pricing wire), until 10% of the notes is sold (the "Follow-the-Price Requirement"), or (ii) shall be required to hold the initial reoffering price to the public of such notes (as reported to the Town on the Sale Date) for the lesser of five (5) business days after the Sale Date or the date on which at least 10% of such notes are sold (the "Hold-the-Offering-Price Requirement"). A certification as to the details of compliance with this requirement shall be part of the Reoffering Price Certificate.

The Town or its Municipal Advisor on its behalf shall advise the successful bidder on the Sale Date as to whether at least three bids were received. Delivery of a bid shall constitute the bidder's agreement to comply with the Hold-the-Offering-Price Requirement or the Follow-the-Price Requirement of this Notice of Sale and to certify to compliance therewith under the circumstances described herein.

Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation.

**OFFICIAL STATEMENT:** The Town has not prepared an Official Statement in connection with the sale of the Notes.

**FINANCIAL STATEMENTS:** The most recent audit of the Town is available upon request to Capital Markets Advisors, LLC, the Town's Municipal Advisor, at (516) 570-0340.

**BOND RATING:** The Town will not apply for a rating of the Notes. The Town has no long-term debt outstanding and does not have a long-term, underlying credit rating.

**ISSUER CONTACT:** Bernard Bowen, Bookkeeper of Finance  
Town of Montgomery  
110 Bracken Road  
Montgomery, NY 12549  
Phone: (845) 457-2600 x8  
E-Mail: [bbowen@townofmontgomery.org](mailto:bbowen@townofmontgomery.org)

**MUNICIPAL ADVISOR:** Capital Markets Advisors, LLC  
11 Grace Avenue, Suite 308  
Great Neck, New York 11021  
Attn: Janet Morley Vice President  
Phone: (516) 570-0340  
E-Mail: [jmorley@capmark.org](mailto:jmorley@capmark.org)

**BOND COUNSEL:** Orrick, Herrington & Sutcliffe LLP  
51 West 52nd Street  
New York, NY 10019-6142  
Attn: Douglas E. Goodfriend, Esq.  
Phone: (212) 506-5211  
E-Mail: [dgoodfriend@orrick.com](mailto:dgoodfriend@orrick.com)

Dated: March 9, 2021

PROPOSAL FOR NOTES

March 18, 2021

Brian Maher  
Town Supervisor and Chief Fiscal Officer  
C/O Capital Markets Advisors, LLC  
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Great Neck, NY 11021

TELEPHONE: (516) 570-0340

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TOWN OF MONTGOMERY  
ORANGE COUNTY, NEW YORK

\$3,278,091  
BOND ANTICIPATION NOTES, 2021 (RENEWALS) SERIES A  
(the "Notes")

DATED: March 31, 2021

MATURITY DATE: October 1, 2021

|              | <b>Amount</b> | <b>Interest Rate</b> | <b>Premium</b> | <b>Net Interest Cost*</b> |
|--------------|---------------|----------------------|----------------|---------------------------|
| <b>Bid 1</b> | \$3,278,091   | %                    | \$             | %                         |

\*The computation of the net interest cost is made as provided in the above-mentioned Term Sheet, but does not constitute any part of the foregoing Proposal for the purchase of the Notes therein described.

Please select one of the following (if no option is selected, the book-entry-only option will be assumed to have been selected by the bidder):

- Book-Entry-Only registered to Cede & Co.
- Registered in the name of the bidder

Please check one of the following:

- We are purchasing the Notes for our own account and not with a view to distribution or resale to the public.
- In the event the Competitive Sale Requirements are not met, we hereby elect to
  - Hold the Offering Price Requirement
  - Follow the Offering Price Requirement

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

Signature: \_\_\_\_\_

Name of Bidder: \_\_\_\_\_

Company: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Tel. (Area Code): \_\_\_\_\_ Fax (Area Code): \_\_\_\_\_