



Independent Financial Advisors
11 Grace Avenue, Suite 308
Great Neck, New York 11021
Phone: (516) 274-4502 / Fax: (516) 487-2575

October 4, 2022

Proposals may be submitted electronically via Parity or via facsimile transmission at (516) 487-2575 in accordance with this Term Sheet, on **Thursday, October 13, 2022** by 11:00 AM, Prevailing Time, for a ten-year bond issue of the Village of Liberty, Sullivan County, New York that will be structured either as a statutory installment bond (“SIB”) with a ten-year term and a fixed rate of interest or as ten-year serial bonds:

TERM SHEET

ISSUER: Village of Liberty (the “Village”)
Sullivan County, New York

ISSUE: \$995,000 General Obligation Bonds, 2022 (the “Bonds” or the “Obligation(s)”) (SIB or Serial Bonds)

SALE DATE: **October 13, 2022**

SALE TIME: **11:00 A.M. (Prevailing Time)**

DATE OF DELIVERY: October 26, 2022

DATE OF ISSUE: October 26, 2022

TYPE OF OBLIGATION(S): Either a statutory installment bond (“local” closing only) or serial bonds (“local” or Depository Trust Company (“DTC”) closing).

DATE(S) OF MATURITY:

| <u>Principal Due</u> <u>October 15th</u> | <u>Principal</u> <u>Amount Due*</u> |
|---|--|
| 2023 | \$ 65,000 |
| 2024 | 90,000 |
| 2025 | 90,000 |
| 2026 | 95,000 |
| 2027 | 100,000 |
| 2028 | 105,000 |
| 2029 | 105,000 |
| 2030 | 110,000 |
| 2031 | 115,000 |
| 2032 | <u>120,000</u> |
| Total: | <u>\$995,000</u> |

* The aggregate principal amount of the Bonds and the principal maturities thereof are subject to adjustment, following their sale, to achieve substantially level or declining annual debt service, and to permit the Village to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”).

INTEREST DUE: October 15, 2023 and annually thereafter on October 15 (in the case of a SIB) or semi-annually thereafter on each April 15 and October 15 (in the case of serial bonds). The record date for the Bonds is the last business day of the calendar month preceding each interest payment date.

STRUCTURE: Total annual debt service shall be substantially level or declining over the ten years. The Village, after approval of Bond Counsel, may, after selecting the successful bidder as provided herein, and by 4:00 P.M. (Prevailing Time) on the Sale Date, adjust such installments of principal to the extent necessary to meet the requirements of substantially level or declining annual debt service. Any such adjustment shall be conclusive, and shall be binding upon the successful bidder. Following the sale of the Bonds, the aggregate par amount of the Bonds may be decreased in an amount not in excess of the premium offered by the successful bidder to the extent necessary in order to ensure that the total proceeds, which include the total par amount of the Bonds plus the original issue premium, if any, received by the Village, do not exceed the maximum amount permitted under applicable provisions of the Internal Revenue Code of 1986, as amended. In such event, the premium shall also be adjusted to the extent necessary to achieve the same net interest cost which served as the basis for the award to the purchaser.

SECURITY: The Bonds are general obligations of the Village. The Village has pledged its faith and credit for the payment of the principal of and interest on the Bonds and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York (the Tax Levy Limit Law).

DELIVERY: Local or via DTC. If issued as a SIB, a local closing will be utilized.

FORM: Registered/DTC format or SIB at purchaser's option.

If registered to DTC, individual purchases will be made in book-entry-only form, in the principal amount of \$5,000, or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

NO GOOD FAITH DEPOSIT: No good faith wire deposit is required to bid on the Bonds.

PARITY: Bids may be submitted electronically via Parity. In the case of a Parity bid, each qualified prospective bidder shall be solely responsible for making the necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Term Sheet. If any provisions of this Term Sheet shall conflict with information provided by Parity, as an approved provider of electronic bidding services, this Term Sheet 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. Prospective bidders wishing to submit electronic bids via Parity must be contracted customers of Parity. Bidders not having a contract with Parity may call (212) 849-5021 to become a customer.

LEGAL OPINION: Opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, will be provided at closing. The form of which has been attached hereto as Appendix A.

NO OPTIONAL REDEMPTION: The Bonds will not be subject to optional redemption prior to maturity.

DESIGNATION: The Obligation(s) **will** be designated and qualified tax-exempt obligation(s) pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

AUTHORITY FOR AND PURPOSE OF ISSUE: The Obligation(s) are issued pursuant to the Constitution and Laws of the State, including the Local Finance Law and the Village Law and pursuant to bond resolutions duly adopted by the Village Board of Trustees on January 8, 2018, and August 30, 2018, for the purposes of replacing a sewer main on Columbia Street in and for the

Village. The proceeds from the sale of the Bonds, together with \$35,000 in available funds, will be used to redeem the Village's \$1,030,000 Bond Anticipation Notes, 2021 (Renewals) at maturity on October 27, 2022.

PROPOSAL REQUIREMENTS:

Proposals must be for all of the Bonds and may state a single rate of interest or different rates of interest for bonds maturing in different calendar years; provided, however, that (i) only one rate of interest may be bid for bonds of the same maturity, (ii) variations in rates of interest so bid may be in any order, and (iii) all rates of interest bid must be stated in a multiple of one-eighth or one-hundredth of one per centum per annum.

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 true interest cost, and if two or more such bidders offer the same lowest true interest cost, then to one of such bidders selected by the Village Treasurer of the Village by lot from among all such bidders.

The right is reserved to reject any or all bids (if such action is deemed by the Village Clerk-Treasurer to be in the best interests of the Village) and any bid not complying with this Term Sheet in all material respects will be rejected. Conditional bids will be rejected, including any bid subject to credit approval.

Interest will be computed on the basis of 30 days to the month and 360 days to the year.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the Bonds pursuant to Section 148 of the Code, including the requirement that at least three (3) bids be received from at least three (3) separate underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirements"). Capital Markets Advisors, LLC (the "Financial Advisor") will advise the winning bidder if the Competitive Sale Requirements were met at the same time it notifies the winning bidder of the award of the Bonds. Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.

The winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Financial Advisor by electronic or facsimile transmission of the reasonably expected initial public offering price or yield of the Bonds being purchased (the "Initial Reoffering Prices") as of the date of the award.

By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Requirements are not met, it will elect and satisfy either option (1) or option (2) described below. Such election must be made on the bid form submitted by each bidder.

(1) Hold the Price. The winning bidder:

(a) will make a bona fide offering to the public of all of the Bonds at the Initial Reoffering Prices and provide the Village and Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will neither offer nor sell to any person any Bonds within a maturity at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent of the Bonds of such maturity at a price that is no higher, or

a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Bonds, and

(c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

(2) Follow the Price. The winning bidder:

(a) will make a bona fide offering to the public of all of the Bonds at the Initial Reoffering Prices and provide the Village and Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will report to the Village and Bond Counsel information regarding the actual prices at which at least ten percent of the Bonds within each maturity of the Bonds have been sold to the public,

(c) will provide the Village and Bond Counsel with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Bonds, will continue until such date that ten percent of each maturity of the Bonds has been sold to the public, and

(d) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

For purposes of the “hold the price” or “follow the price” requirement, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

Regardless of whether or not the Competitive Sale Requirements were met, the winning bidder shall submit to the Village and Bond Counsel a certificate (the “Issue Price Certificate”), satisfactory to Bond Counsel, prior to the delivery of the Bonds stating the applicable facts as described above. The form of Issue Price Certificate is available by contacting Bond Counsel or the Municipal Advisor.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Requirements were met, the Issue Price Certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

For purposes of this Term Sheet, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning 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.

BOND INSURANCE:

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.

OFFICIAL STATEMENT:

The Village has **not** prepared an official statement in connection with the sale of the Obligation(s). The Village's audited financial statements for the fiscal years ending May 31, 2017 through 2021, inclusive, can be found on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website. The link to the audited financial statements for the fiscal year ended May 31, 2021 is as follows: <https://emma.msrb.org/P11621536.pdf>

BOND RATING:

The Obligation(s) will **not** be rated.

Moody's Investors Service ("Moody's") has previously assigned an underlying rating of "Baa1" to the uninsured outstanding bonded indebtedness of the Village. This rating does **not** apply to the Obligation(s) themselves.

ISSUER CONTACT:
(PAYING AGENT)

Ms. Judy Zurawski
Clerk - Treasurer
Village of Liberty
167 North Main Street
Liberty, NY 12754
(845) 292-2250 x113
libertyvillageclerk@verizon.net

BOND COUNSEL:

Orrick, Herrington & Sutcliffe LLP
51 West 52nd Street
New York, NY 10019
Attn: Thomas Myers, Esq.
(212) 506-5211
tmyers@orrick.com

FINANCIAL ADVISOR:

Capital Markets Advisors, LLC
11 Grace Avenue, Suite 308
Great Neck, NY 11021
Attn: Alex LoCascio, Assistant Vice President
(516) 274-4502
alocascio@capmark.org

PROPOSAL FOR BONDS

Ms. Judy Zurawski
Village Clerk-Treasurer
Village of Liberty
c/o Capital Markets Advisors, LLC
11 Grace Avenue, Suite 308
Great Neck, NY 11021

October 13, 2022

TELEPHONE: (516) 274-4502

FACSIMILE: (516) 487-2575

**VILLAGE OF LIBERTY
SULLIVAN COUNTY, NEW YORK**

\$995,000 GENERAL OBLIGATION BONDS, 2022

DATED: October 26, 2022

MATURITY DATE: October 15, 2023-2032

10-Year Bond Rate (SIB): _____ % ; or **Annual Rates (Serial Bonds) ;**

| <u>Principal Due October 15th</u> | <u>Principal Amount Due*</u> | <u>Principal Due October 15th</u> | <u>Principal Amount Due*</u> | |
|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|---------|
| 2023 | \$ 65,000 | 2023 | \$ 65,000 | _____ % |
| 2024 | 90,000 | 2024 | 90,000 | _____ % |
| 2025 | 90,000 | 2025 | 90,000 | _____ % |
| 2026 | 95,000 | 2026 | 95,000 | _____ % |
| 2027 | 100,000 | 2027 | 100,000 | _____ % |
| 2028 | 105,000 | 2028 | 105,000 | _____ % |
| 2029 | 105,000 | 2029 | 105,000 | _____ % |
| 2030 | 110,000 | 2030 | 110,000 | _____ % |
| 2031 | 115,000 | 2031 | 115,000 | _____ % |
| 2032 | 120,000 | 2032 | 120,000 | _____ % |

*Subject to adjustment as described in the attached Term Sheet.

Premium, if any: _____

True Interest Cost (%): _____

Signature: _____

Name of Bidder: _____

Address of Bidder: _____

Telephone contact of Bidder (Area Code): _____

Facsimile contact of Bidder (Area Code): _____

BID FORM CONTINUES ON NEXT PAGE

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

- Book-Entry-Only registered to Cede & Co. (only in the case of serial bonds)
- Registered in the Name of the Purchaser
- SIB

Please check one of the following:

- We are purchasing the Bonds 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 Price
 - Follow the Price

The bidder represents that it has an established industry reputation for underwriting new issuances of municipal bonds:

- Yes
- No

APPENDIX A

FORM OF LEGAL OPINION OF BOND COUNSEL

October 26, 2022

Village of Liberty,
County of Sullivan,
State of New York

VILLAGE OF LIBERTY, SULLIVAN COUNTY, NEW YORK
\$995,000 GENERAL OBLIGATION BONDS, 2022

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$995,000 General Obligation Bonds, 2022 (the "Obligations"), of the Village of Liberty, Sullivan County, New York (the "Obligor"), dated October 26, 2022, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on October 15, 2023 and semi-annually thereafter on April 15 and October 15, and maturing in the amount of \$_____ on October 15, 20__, and \$_____ on October 15 in each of the years 20__ to 20__, both inclusive.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations 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 Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the

amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. We have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Obligations by or on behalf of the Obligor and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP