

NOTICE OF SALE

\$2,211,000
TOWN OF RED HOOK
DUTCHESS COUNTY, NEW YORK
PUBLIC IMPROVEMENT (SERIAL) BONDS, SERIES 2009A

SEALED PROPOSALS will be received and considered by the undersigned Town Supervisor of the Town of Red Hook, Dutchess County, New York (the "Town"), at the offices of Capital Markets Advisors, LLC, 1075 Route 82, Suite 4, Hopewell Junction, New York 12533, on

May 27, 2009

until 11:00 o'clock a.m. (Prevailing Time) at which time and place the bids will be publicly opened and announced, for the purchase IN FEDERAL FUNDS at not less than par and accrued interest of \$2,211,000 Public Improvement (Serial) Bonds, Series 2009A (the "Bonds") due on June 1, as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2010	\$ 6,000	2023	\$ 85,000
2011	\$ 50,000	2024	\$ 90,000
2012	\$ 50,000	2025	\$ 90,000
2013	\$ 55,000	2026	\$ 95,000
2014	\$ 55,000	2027	\$100,000
2015	\$ 60,000	2028	\$105,000
2016	\$ 60,000	2029	\$110,000
2017	\$ 65,000	2030	\$115,000
2018	\$ 70,000	2031	\$120,000
2019	\$ 70,000	2032	\$125,000
2020	\$ 75,000	2033	\$130,000
2021	\$ 75,000	2034	\$135,000
2022	\$ 80,000	2035	\$140,000

The Town may, after selecting the low bidder, adjust such principal amounts to the extent necessary to meet the requirements of substantially level or declining debt service.

The Bonds will be dated June 1, 2009 and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on June 1 and December 1 in each year until maturity, commencing June 1, 2010. The Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds ("DTC"). Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$1,000 in 2010. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds.

The Bonds maturing on or before June 1, 2019 will not be subject to redemption prior to maturity. The Bonds maturing on June 1, 2020 and thereafter will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after June 1, 2019 at par plus accrued interest to the redemption date.

THE BONDS ARE "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO THE PROVISIONS OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

The Bonds are general obligations of the Town. There is no limitation, either of rate or amount, upon ad valorem real estate taxes upon taxable real property in the Town which may be required to pay the Bonds and the interest thereon. The State Constitution requires the Town 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 principal 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 Town, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes, and that the fiscal officer of the Town may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

Each proposal must be a bid of not less than \$2,211,000 for all of the Bonds. Each bid for the Bonds may state different rates of interest for Bonds maturing in each calendar year, provided, however, that (i) only one (1) rate of interest may be bid for Bonds of the same maturity, (ii) the maximum difference between the highest and the lowest interest rates may not exceed four percentum per annum, and (iii) all rates of interest bid must be stated in a multiple of one-hundredth or one-eighth of one percent per annum. Each proposal must be enclosed in a sealed envelope and should be addressed to the Town Supervisor, should be marked on the outside "Proposal for Bonds" and should be accompanied by a certified or cashier's check drawn upon an incorporated bank or trust company to the order of said Town for \$44,220 as a good faith deposit to secure the Town against any loss resulting from the failure of the bidder to comply with the terms of its bid. No interest will be allowed on the good faith deposit. In lieu of a certified or cashier's check, bidders may furnish as security (i) a wire transfer in accordance with the instructions which may be obtained upon request from Capital Markets Advisors, LLC, or (ii) a financial surety bond approved by the Town Supervisor as to form, sufficiency and manner of execution. If a wire transfer is used, it must be sent in accordance with such instructions not later than 10:00 a.m. on the date of the sale, and a wire reference number must be provided at the time the bid is submitted. If a financial surety bond is used, it must be executed by an insurance company authorized to do business in the State of New York, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, and such bond must be submitted to the Town or its financial advisor (with a copy to the other) prior to the opening of bids. The financial security bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the bonds are to be awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit its deposit to the Town in the form of a certified or cashier's check or a wire transfer in such amount, as instructed by the Town or its financial advisor, not later than 2:00 o'clock P.M. (Prevailing Time) on the next business day following the award. If such deposit is not received by that time, the financial surety bond may be drawn by the Town to satisfy the deposit requirement.

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

Unless all bids are rejected, the Bonds will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Bonds at such rate or rates of interest as will produce the lowest true interest cost (without taking into consideration any adjustment to be made in the principal maturities to meet the requirements of substantially level or declining debt service), computed in accordance with the true interest cost method of calculation, that being the rate which, compounded semi-annually, is necessary to discount all principal and interest payments on the Bonds to the purchase price (including accrued interest) bid for the Bonds. The true interest cost computation shall be made as of the delivery date of the Bonds at the delivery date. If two or more such bidders offer the same lowest true interest cost computed as described above, the Bonds will be awarded to the bidder whose bid offers to purchase the Bonds at the highest premium dollar amount. 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. Notwithstanding anything herein to the contrary, the Town reserves the right to waive any technical defects, omissions or other deficiency in the form of any proposal submitted for consideration.

When the successful bidder has been ascertained, the Town Supervisor will promptly return all security to the persons furnishing the same, except the deposit made by such bidder. 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 no bidder may withdraw its proposal until after 1:00 o'clock p.m. (Prevailing Time) on 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 it, and if it refuses or neglects to pay the agreed price of the Bonds less the amount of any certified or cashier's check furnished as security, the security furnished by such bidder, shall be forfeited to and retained by the Town as liquidated damages for such neglect or refusal.

THE TOWN RESERVES THE RIGHT TO CHANGE THE TIME AND/OR DATE FOR THE OPENING OF THE BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED NOT LESS THAN 24 HOURS PRIOR TO THE TIME SET FORTH ABOVE FOR THE OPENING OF BIDS BY MEANS OF A SUPPLEMENTAL NOTICE OF SALE TO BE TRANSMITTED OVER THE TM3. Any such supplemental notice shall not change the terms of the sale of the Bonds other than the time or date for opening of bids, the amount of principal scheduled to be repaid in each year, the right of redemption prior to maturity, and the face value at maturity of the issue or any installment thereof.

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. The Town shall pay the fees of Standard & Poor's Corporation. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not constitute cause for failure or refusal by the purchaser of the Bonds to accept delivery of and pay for the Bonds in accordance with the terms hereof.

The deposit of the Bonds with DTC under the 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 Town 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 Town in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds 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 successful bidder.

The Bonds are to be issued pursuant to the State Constitution and statutes of the State of New York, including, among others, the Local Finance Law, to finance the cost of certain public improvements and equipment in the Town.

The current estimated population of the Town, based on the 2007 estimate prepared by the U.S. Census Bureau, is 11,347. The debt statement to be filed pursuant to Section 109.00 of the Local Finance Law in connection with the sale of the Bonds, prepared as of May 16, 2009, shows the average full valuation of real property subject to taxation by the Town to be \$1,139,724,035, its debt limit to be \$79,780,682 and its total net indebtedness (inclusive of the Bonds) to be \$2,338,818.

The Bonds will be delivered to DTC and shall be paid for in Federal Funds on or about June 4, 2009, at such place in New York, New York and on such business day and at such hour as the Town Supervisor shall fix on three (3) business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder.

The successful bidder will be furnished without cost with the approving opinion of Rapport, Meyers, Whitbeck, Shaw & Rodenhausen, LLP, Poughkeepsie, New York, Bond Counsel, stating that interest on the Bonds is excluded from gross income for federal income tax purposes, with certain exceptions described in the Official Statement prepared by the Town in connection with the sale of the Bonds, and such interest is exempt from New York State and New York City personal income taxes. Reference should be made to the Official Statement for a description of the scope of Bond Counsel's engagement in relation to the issuance of the Bonds and the matters covered by such legal opinion.

In the event that prior to the delivery of the Bonds, the interest thereon becomes includable in the gross income of the owners thereof for federal income tax purposes, by the terms of any income tax law of the United States of America, the successful bidder may, at its option, be relieved of its obligation under the contract to purchase the Bonds, and in such case the deposit made by it will be returned.

The obligations 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 such approving opinion and (1) a certificate of the Town Supervisor to the effect that, as of the date of the Official Statement and at all times subsequent thereto, up to and including the time of delivery of the Bonds, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Town since the time of sale to the time of delivery of the Bonds, subject to the condition that while information in such Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Town has no reason to believe and does not believe that such information is materially inaccurate or misleading, (2) a certificate signed by the Town Supervisor evidencing payment for the Bonds, and (3) a closing certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded, 3) a tax certificate dealing with the use and investment of the proceeds of the Bonds, and 4) a certificate of the Town Supervisor evidencing the Town's limited undertaking for the benefit of the beneficial owners of the bonds to provide, so long as the Bonds

are outstanding, notices of certain material events and certain other information upon request (which covenant is more fully described in the Official Statement).

Following the sale of the Bonds, the successful bidder will be required to provide to the Town such information requested by the Town as shall be necessary to enable the Town to determine the "issue price" of the Bonds as defined in Sections 1273 or 1274 of the Internal Revenue Code of 1986, as amended.

An Official Statement will be submitted to any interested bidder upon request. The Official Statement is deemed by the Town to be a final official statement, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain pricing and other information to be made available by the successful bidder for the Bonds.

Any party executing and delivering a bid for the Bonds agrees, if its bid is accepted by the Town, to provide to the Town, in writing, within two (2) business days after the date of such award, all information which said successful bidder determines is necessary for it to comply with SEC Rule 15c2-12, including all necessary pricing and sale information, information with respect to the purchase of municipal bond insurance, if any, and underwriter identification. Within five (5) business days following receipt by the Town thereof the Town will furnish to the successful bidder, in reasonable quantities as requested by the successful bidder, copies of the Official Statement, updated as necessary, and supplemented to include said information. Failure by the successful bidder to provide such information will prevent the Town from furnishing the Official Statement as described above. The Town shall not be responsible or liable in any manner for the successful bidder's determination of information necessary to comply with SEC Rule 15c2-12 or the accuracy of any such information provided by the successful bidder or for failure to furnish the Official Statement as described above which results from a failure by the successful bidder to provide the aforementioned information within the time specified. Acceptance by the successful bidder of the final Official Statement shall be conclusive evidence of the satisfactory completion of the obligations of the Town with respect to the preparation and delivery thereof.

Copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Capital Markets Advisors, LLC (the "Financial Advisor"), 1075 Route 82, Suite 4, Hopewell Junction, New York 12533, telephone number (845) 227-8678, fax (845) 227-6154, and will be posted on the Financial Advisor's website at www.capmark.org.

Dated: May 19, 2009

Sue T. Crane
Town Supervisor