

NOTICE OF SALE  
CITY OF ALBANY, NEW YORK

\$19,974,950 General Obligation (Serial) Bonds, 2009

Telephone (315-752-0051, **Ext. 1**), telefax (315-752-0057) or written proposals will be received and considered by Mr. Kenneth L. Bennett, Acting Comptroller of the City of Albany, New York (the "City"), at the offices of Fiscal Advisors & Marketing, Inc., 120 Walton Street, Syracuse, New York 13202 until **11:30 A.M., Prevailing Time**, on the **25th day of June, 2009** for the purchase in Federal Funds, at not less than par and accrued interest of \$19,974,950 General Obligation (Serial) Bonds, 2009 (the "Bonds"), to be dated July 1, 2009 and maturing in annual principal installments on July 1 of each calendar year, which, together with interest thereon, are expected to provide for substantially level or declining annual debt service on such Bonds, as defined and described in paragraph d of Section 21.00 of the New York State Finance Law, as follows:

MATURITIES\*

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2010	\$ 1,059,950	2015	\$ 1,320,000	2020	\$ 1,635,000*
2011	1,110,000	2016	1,375,000	2021	1,705,000*
2012	1,160,000	2017	1,435,000	2022	1,780,000*
2013	1,210,000	2018	1,500,000	2023	1,860,000*
2014	1,260,000	2019	1,565,000*		

\* The Bonds maturing in the years 2019 through 2023 are subject to redemption prior to maturity as described in the Official Statement under the heading "Optional Redemption."

The Bonds shall bear interest at the rate or rates per annum specified by the successful bidder therefore, payable January 1, 2010 and semi-annually thereafter on January 1 and July 1 of each calendar year until maturity.

The Bonds will be issued in the form of fully registered certificated bonds, in denominations corresponding to the total principal due in each year of maturity. As a condition to the 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, 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 is a 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 Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the City) made on the books-and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Bonds will be payable by the City 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 beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City 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.

Bonds maturing on or before July 1, 2018 shall not subject to redemption prior to maturity. The Bonds maturing on or after July 1, 2019 shall be subject to redemption prior to maturity on not less than thirty (30) days notice as a whole or in part (and by lot if less than all of the maturity is to be redeemed), at the option of the City, on July 1, 2018, or on any interest payment date thereafter at par, plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity are to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City Comptroller. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

The State Constitution requires the City 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 such 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 City, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes; also that the fiscal officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

Each bid must be for all of the \$19,974,950 Bonds and must state in a multiple of one-hundredth (1/100th) or a multiple of one-eighth (1/8th) of one per centum the rate 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 bonds maturing in any one calendar year; (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; and (iii) the maximum difference between the highest and lowest rates of interest bid for the Bonds may not exceed one and one-half per centum (1.50%) per annum.

Interest will be calculated on the basis of thirty (30) days to the month and three hundred sixty (360) days to the year. Unless all bids are rejected, the Bonds will be awarded and sold to the bidder complying with the terms of this Notice of Sale and offering to purchase the Bonds at the lowest net interest cost. The City reserves the right to reject any or all bids, and any bid not complying with this Notice of Sale will be rejected.

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a Financial Surety Bond in the amount of \$399,499 payable to the order of the City of Albany, New York, is required for each bid to be considered. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of New York, and such bond must be submitted to the City or its Financial Advisor prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser ("Purchaser") is required to submit its deposit to the City or its Financial Advisor in the form of a cashier's check (or wire transfer such amount as instructed by the City or its Financial Advisor) not later than 3:30 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 City to satisfy the Deposit requirement. No interest in the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the City.

Unless otherwise agreed to, the Bonds will be delivered to DTC in New York, New York on or about July 9, 2009. The purchase price of the Bonds, in accordance with the purchaser's bid, shall be paid in Federal Funds or other funds available for immediate credit on said delivery date. 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 City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to failure of the successful bidder to obtain such numbers and to supply them to the City in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; 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 bidder.

The Bonds will be valid and legally binding general obligations of the City, all the taxable real property within which will be subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. The City will, pursuant to the Constitution of the State of New York, pledge its faith and credit for the payment of the principal of the Bonds and interest thereon and will make annual appropriations for the amounts required for the payment of such interest and the redemption of the Bonds. The Constitution also requires that, if at any time the City fails to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received, which revenues shall be applied for such purposes. The Supervisor may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

Upon delivery of and payment for the Bonds, the purchaser will be furnished without cost with the approving opinion of Roemer Wallens & Mineaux LLP, Albany, New York, Bond Counsel to the City, to the effect that the Bonds are valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy of such ad valorem taxes as may be necessary to pay the principal of and interest on the Bonds, without limitation as to rate or amount. Among other things, the opinion of Bond Counsel will also state that (a) assuming continuous compliance with the covenants and representations of the City contained in the records and certificates relating to the authorization and issuance of the Bonds, (i) interest on the Bonds is presently excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax applicable to individuals and corporations, although such interest is included in the adjusted current earnings of a corporate owner of the Bonds and 75% if the interest on the Bonds is thus includable in the tax base for purposes of computing a corporation's liability with respect to the 20% alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations pursuant to the Code; and (iii) the Bonds are not "arbitrage bonds" under Section 148 of the Code; (b) interest on the Bonds is

presently exempt from New York State, New York City and the City of Yonkers personal income taxes; (c) the enforceability of the Bonds is subject to applicable existing or future provisions of the Federal Bankruptcy Code and insolvency laws of the State of New York and may be subject to other New York State or Federal laws relating to rights of creditors; and (d) the scope of the engagement of Roemer Wallens & Mineaux LLP, as Bond Counsel in relation to the Bonds, has extended solely to rendering the opinions expressed in said opinion, that said law firm is rendering no opinion other than the opinions expressly stated therein, and that said law firm expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds. The purchaser will also be furnished without cost with the certificate of the City's chief fiscal officer certifying that information contained in the Official Statement relating to the City and any information contained in Appendices thereto as of its date and as of the date of the Official Statement did not and does not contain any untrue statement of a material fact and did not and does not omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The Bonds will *not* be designated as "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Code. The successful bidder may, at its option, refuse to accept the Bonds if prior to the delivery of the Bonds any income tax law shall provide that the interest on such Bonds is taxable, or shall be taxable at a future date, for Federal income tax purposes.

**THE CITY 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 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.**

If the Bonds qualify for the issuance of any policy of municipal bond insurance or a commitment therefor, the purchase or issuance of any such insurance or commitment shall be at the sole option, cost and expense of the successful bidder. The lack of insurance shall not constitute cause for a failure or refusal by the bidder to accept delivery of and pay for the Bonds.

Any party executing and delivering a bid for the Bonds agrees, if its bid is accepted by the City, to provide to the City, in writing, within two 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.

The population of the City is estimated to be 94,301. The debt statement of the City, prepared as of June 10, 2009, will show (i) the average full valuation of real property subject to taxation by the City to be \$4,580,105,811, (ii) the debt limit of the City to be \$320,607,407; and (iii) the total net indebtedness of the City (inclusive of the Bonds) subject to the debt limit to be \$94,226,071.

There is an Official Statement which accompanies this Notice of Sale.

**The City's contact information is as follows: Acting Comptroller, 24 Eagle Street, Albany, New York 12207, Phone: (518) 434-5023, Telefax: (518) 434-5098, Email: [bennek@ci.albany.ny.us](mailto:bennek@ci.albany.ny.us).**

**Dated: June 16, 2009**

**KENNETH L. BENNETT**  
**Acting Comptroller**

# PROPOSAL FOR BONDS

**SALE DATE: June 25, 2009  
11:30 A.M., Prevailing Time**

Mr. Kenneth L. Bennett, Acting City Comptroller  
City of Albany, Albany County, New York  
c/o Fiscal Advisors & Marketing, Inc.  
120 Walton Street  
Syracuse, New York 13202  
Telephone # 315-752-0051, **Ext. 1**  
Telefax # 315-752-0057

Dear Sir:

For the \$19,974,950 General Obligation (Serial) Bonds, 2009 of the City of Albany, Albany County, New York, subject to the annexed Notice of Bond Sale, which is hereby made a part of this bid, we will pay \_\_\_\_\_ (\$ \_\_\_\_\_) plus a premium of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) and accrued interest to date of 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:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2010	_____ %	2014	_____ %	2019	_____ %
2011	_____ %	2015	_____ %	2020	_____ %
2012	_____ %	2016	_____ %	2021	_____ %
2013	_____ %	2017	_____ %	2022	_____ %
2013	_____ %	2018	_____ %	2023	_____ %

Check ONE of the following:

- We enclose herewith a cashier's or certified check for \$399,499 payable to the order of the City of Albany, Albany County, New York, to be returned to the undersigned upon the award of said Bonds provided this Bid is not accepted; or, the amount of said check to be retained as and for liquidated damages in case of the failure of the undersigned to make payment as agreed.
- We are an authorized principal of a Financial Surety Bond with respect to this Bid as described in the attached Notice of Bond Sale.

\_\_\_\_\_  
\_\_\_\_\_  
Telephone (     ) \_\_\_\_\_

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Bond Sale, but not constituting any part of the foregoing proposal for the purchase of the \$19,974,950 Bonds therein described:

Gross Interest		\$ _____
Premium Bid Over Par		\$ _____
Net Interest Cost (NIC)		\$ _____
Effective NIC Rate		_____ %
		(four decimals)

**Receipt for return of good faith deposit:**

Received from Mr. Kenneth L. Bennett, Acting City Comptroller, a check for \$399,499 representing the return of our good faith deposit.

\_\_\_\_\_  
Signature of Bidder