

SERIAL BONDS

Ratings: See "Rating" herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "TAX MATTERS" herein.

The Town will designate the Bonds as "qualified tax-exempt bonds" pursuant to Section 265(b)(3) of the Code.

TOWN OF CHEEKTOWAGA
ERIE COUNTY, NEW YORK
\$6,750,000
VARIOUS PURPOSE SERIAL BONDS - 2020
(the "Bonds")

Dated Date: Date of Delivery

Maturity Dates: December 15, 2021-2040

The Bonds are general obligations of the Town of Cheektowaga, in Erie County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon 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 Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*" herein.)

The Bonds will be issued as registered bonds, and at the option of the purchaser, may be issued as book-entry bonds through the Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of such purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases of book-entry bonds may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such Bonds will not receive certificates representing their ownership interest in any book-entry Bonds. Payments of principal of and interest on the Bonds will be made 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 (see "*Book-Entry-Only System*" herein).

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at the Office of the Town Clerk in Cheektowaga New York, or at the option of the successful bidder, 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, with any paying agent fees being paid by the successful bidder. In such case, the Bonds will be issued in registered form in denominations corresponding to the amount of each annual maturity of the Bonds.

The Bonds will be dated the date of delivery, which is expected to be December 17, 2020 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, with interest payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year to maturity. The Bonds will mature on December 15 in each year and will bear interest at the rates as shown on the inside cover page hereof. Certain maturities of the Bonds will be subject to optional redemption prior to maturity, see "*Optional Redemption*," herein.

Interest on the Bonds will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Town. It is anticipated that the Bonds will be available for delivery on or about December 17, 2020.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSES OF THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: November 23, 2020

The Bonds will mature on December 15, subject to optional redemption prior to maturity as described herein, in each year as set forth below. Interest on the Bonds will be paid on December 15, 2021 and semiannually thereafter on June 15 and December 15 in each year until maturity.

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$275,000			162879	2031***	\$345,000			162879
2022	285,000			162879	2032***	355,000			162879
2023	295,000			162879	2033***	360,000			162879
2024	300,000			162879	2034***	365,000			162879
2025	300,000			162879	2035***	375,000			162879
2026	310,000			162879	2036***	375,000			162879
2027	320,000			162879	2037***	380,000			162879
2028	325,000			162879	2038***	385,000			162879
2029***	330,000			162879	2039***	385,000			162879
2030***	340,000			162879	2040***	350,000			162879

*Preliminary, subject to change as provided for in the Notice of Sale for the Bonds.

** CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

*** Subject to optional redemption prior to maturity, see “*Optional Redemption*” herein.

**TOWN OF CHEEKTOWAGA
ERIE COUNTY, NEW YORK**

**Diane Benczkowski
Supervisor**

TOWN BOARD

Christine Adamczyk..... Deputy Supervisor
Brian Nowak Council Member
Gerald Kaminski Council Member
Linda Hammer Council Member
Richard Rusiniak..... Council Member
Brian Pilarski Council Member

Kimberly A. Burst..... Town Clerk
Brian Krause, CPA..... Director of Administration and Finance

AUDITORS

**Drescher & Malecki LLP
Cheektowaga, New York**

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources that are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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**TOWN OF CHEEKTOWAGA
ERIE COUNTY, NEW YORK**

relating to

\$6,750,000

VARIOUS PURPOSE SERIAL BONDS - 2020

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Cheektowaga, in the County of Erie, in the State of New York (the "Town", "County" and "State," respectively) in connection with the sale of \$6,750,000 Various Purpose Serial Bonds – 2020 (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds will be dated the date of delivery, which is expected to be December 17, 2020 and will bear interest from such date at the annual rate or rates as specified by the purchaser, payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. The Bonds will mature in each of the years and will bear interest at the rates as shown on the inside cover page hereof.

Certain maturities of the Bonds will be subject to redemption prior to maturity, see "*Optional Redemption*," herein.

The record date for the Bonds will be the close of business on the last business day of the month preceding each interest payment date.

The Town Clerk will act as Fiscal Agent for the Bonds. The Town contact information is as follows: Brian Krause, CPA, Director of Administration and Finance; phone: 716-686-3492, email: bkrause@Tocny.org.

Nature of the Obligation

Each Bond when duly issued and paid for will constitute a contract between the Town and the holder thereof.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law." (See "*Tax Levy Limit Law*" herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. The Tax Levy Limit Law imposes a statutory limitation upon the Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*The Tax Levy Limit Law*," herein)

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board on the dates set forth below:

<u>Purpose</u>	<u>Authorization Date</u>	<u>PPU</u>	<u>Original Issue Date</u>	<u>New Money</u>	<u>The Bonds</u>
Improvements of Sewer District	3/10/2020	40 yrs.	12/17/2020	\$4,500,000	\$4,500,000
Drainage Improvements of Town Highways	3/10/2020	40 yrs.	12/17/2020	2,250,000	2,250,000
				<u>\$6,750,000</u>	<u>\$6,750,000</u>

Optional Redemption

The Bonds maturing on or before December 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after December 15, 2029 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after December 15, 2028, 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), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The Town may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Town shall determine to be in the best interest of the Town at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by mailing such notice to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the proposed redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Book-Entry-Only System

For the Bonds issued through the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and the registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates will be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Town default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. Each Bond is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the

municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of

their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated financial control or review boards and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

No current state law purports to create any priority for holders of the Bonds should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

FINANCIAL CONTROL BOARDS

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

NO PAST DUE DEBT

No principal or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Town's credit rating could be affected by circumstances beyond the Town's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The Town’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “State Aid” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see “*Tax Matters*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Bonds. (See “*The Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town to pay debt service on the Bonds.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town’s financial condition and operating results in various ways, including potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 may have reduced the spread of the virus and at certain times there have been efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Town’s operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or any resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

CYBER SECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town

invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed compliance by the Town with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in

connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bond

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance of the Bonds are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Bonds, the Town will execute an Undertaking to Provide Continuing Disclosure, in substantially the form attached hereto as Appendix E.

Prior Disclosure History

The Town filed late certain audited financial statements for the fiscal years ending December 31, 2013 on July 7, 2014. The event notice was filed on July 25, 2017

RATING

Moody's Investors Services ("Moody's") has assigned an underlying rating of "Aa2" to the Town's long-term indebtedness, including the Bonds.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal advisor to the Town in connection with the sale of the Bonds.

In preparing the Official Statement, the Municipal advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910 or from Brian Krause, CPA, Director of Administration and Finance, 3301 Broadway, Cheektowaga, New York 14227, email: bkrause@tocny.org, telephone: (716) 686-3492.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of any of the Bonds.

This Official Statement has been prepared in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

**TOWN OF CHEEKTOWAGA
ERIE COUNTY, NEW YORK**

By: /s/ Diane Benczkowski
Town Supervisor

DATED: November __, 2020

APPENDIX A

THE TOWN

General Information

The Town of Cheektowaga, a suburban, residential town in Erie County, is located adjacent to the City of Buffalo. The Town has a land area of approximately 18,710 square miles. The estimated population is 88,226 according to the 2010 U.S. Census. The Town includes the Village of Sloan and portions of the Villages of Depew and Williamsville.

The Town combines residential, industrial and commercial operations. The Buffalo Niagara International Airport is located within the Town. Conrail, the New York State Thruway, the Youngman and Lockport expressways, the Niagara Frontier Transit Authority and a network of highways provide transportation to and from the area.

The Government

The Town was established in 1839 by the State Legislature. Eight independently governed school districts are located wholly or partially within the Town which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town, and is classified as a first class Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may, from time to time, adopt local laws.

The legislative power of the Town is vested in the Town Board, which consists of seven members, including the Supervisor, who is the chief executive officer of the Town, elected for a term of four years. Such terms are staggered such that three or four council members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

Town Services

Electricity and natural gas are supplied throughout the Town by National Grid, New York State Electric and Gas Corporation and National Fuel Gas Distribution Corporation, respectively.

The Erie County Water Authority supplies water for the Town and is responsible for the maintenance of the necessary facilities. The Authority charges the cost for the water service including maintenance costs, against the property or property owners served. The Town is responsible for the financing and construction and maintenance of the facilities located within the districts.

Sanitary sewer services are provided primarily throughout the Town by Town sewer districts and Erie County Sewer District No. 1. All Town sewage is conveyed to the Buffalo Sewer Authority treatment plant under contractual arrangements.

Police protection is provided by the Town Police Department, Erie County Sheriff and New York State Police. Fire Protection is provided by nine independent volunteer Fire Districts within the Town.

Employees

The Town provides services through 435 full-time and 395 part-time employees, of whom approximately 414 are represented by the bargaining units listed below:

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Town of Cheektowaga Employees Assoc.	236	12/31/19*
Town of Cheektowaga Supervisory Unit	22	12/31/20
Town of Cheektowaga Police Club Inc.	113	12/31/19*
Cheektowaga Captain & Lieutenants Association	17	12/31/19*
Cheektowaga Dispatchers	26	12/31/19*

**Negotiations currently ongoing.*

Source: Town Officials

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "ERS") and Local Police and Fire Retirement System ("PFRS") (both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The Retirement Systems are a cost-sharing multiple public employer retirement systems. The obligations of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

The employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. The pension law requires a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

The pension payment date for all local governments is February 1. However, the New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town prepaid its employer contributions each December in 2004 through 2020.

ERS employees hired after January 1, 2010 are required to contribute 3% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary

calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Town police officers who are members of PFRS are divided into five tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

The following schedule reflects the Town's contribution to each of the Retirement Systems for the last four fiscal years and the amounts budgeted for the current fiscal year.

Fiscal Year	State Fiscal Year	ERS	PFRS
<u>Ending December 31:</u>	<u>Ending March 31:</u>	<u>Contribution</u>	<u>Contribution</u>
2020 Budget	2021	\$3,678,000	\$3,950,000
2019	2020	2,941,299	3,354,269
2018	2019	2,782,358	2,457,242
2017	2018	2,996,018	3,712,562
2016	2017	3,105,458	3,101,999

In certain years, the State's Retirement Systems portfolios have experienced negative investment performance and severe downward trends in market earnings. As a result, the employer contribution rates for the State's Retirement Systems are generally higher than the minimum contribution rate established by the law. To mitigate the higher employer contribution rates, legislation was enacted in 2010 that permits local governments and schools districts to amortize a portion of their required Retirement Systems pension contribution payments with the State Retirement Systems. The legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State Retirement Systems to reserve funds for future payment increases that are a result of fluctuations in pension plan performance. The Town pays its entire pension obligation on a pay-as-you-go basis.

In Spring 2013, the State and ERS and PFRS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. For ERS, the 2013-14 SCO rate was 12%. The Town will not be participating in the modified ERS SCO plan at this time. The Town will not be amortizing pension payments in the 2017 budget.

State Comptroller Thomas DiNapoli announced that the estimated average contribution rate for participating employers in the ERS would decrease in fiscal year 2019-20 from 14.9 percent of payroll to 14.6 percent of payroll. The estimated average contribution rate for participating employers in the PFRS will remain at 23.5 percent of payroll. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers. The employer contribution rates announced will apply to each employer's salary base during the period of April 1, 2019 through March 31, 2020. Payments based on those rates are due by February 1, 2021, but may be prepaid by December 15, 2020. At this time, the Town plans to prepay its ARC in December of 2020.

Other Post-Employment Benefits

In June 2015, GASB released GASB Statement No. 75 (“GASB 75”), which was required to be implemented in the Town’s 2018 fiscal year. GASB 75 replaces the requirements of GASB 45 and establishes new standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Under GASB 75, governments must report a liability on the face of the financial statements for the post-employment benefits (“OPEB”) that they provide; such liability can no longer be a footnote as was allowed under GASB 45.

During the year ended December 31, 2019, the Town implemented GASB statements No. 75.

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	\$194,480,120
Changes for the year:	
Service cost	3,961,635
Interest	8,137,685
Changes of assumptions	37,127,467
Benefit payments	<u>(6,279,469)</u>
Net changes	<u>42,947,318</u>
Balance at December 31, 2019	<u>\$241,427,438</u>

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

From time to time, legislation has been proposed to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State’s OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there are no limits on how much a local government can deposit into the trust. The Town cannot predict at this time whether such proposed legislation will be enacted into law.

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by Drescher & Malecki, LLP, independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller’s Office. Appendix B to this Official Statement presents an audited summary of the results of operations for the last five fiscal years and a budget summary for the immediately prior and current fiscal years. A link to the December 31, 2019 audit is provided in Appendix C, herein.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, Highway Fund and Special Districts Funds, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Revenues

The Town derives its revenues from a tax levy on real property, State aid from non-property taxes like the County sales tax, and from departmental fees and charges. A summary of such revenues for the Town's General and Special Revenue Funds over the last five fiscal years is presented in "Statement of Revenues, Expenditures and Changes in Fund Balances" in Appendix B. See also "*The Tax Levy Limit Law*," herein

Real Property Tax. The following table sets forth total General Fund revenues and real property tax revenues during the last five fiscal years and the amounts budgeted for the current and ensuing fiscal years.

TABLE 1
Property Taxes
(General Fund Only)

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Total</u> <u>Revenues</u>	<u>Real Property</u> <u>Taxes</u>	<u>Real Property</u> <u>Taxes to</u> <u>Revenues</u>
2015	\$48,173,907	\$38,709,967	80.4%
2016	46,603,148	39,634,111	85.0%
2017	46,611,358	40,059,214	85.9%
2018	47,668,667	41,085,122	86.2%
2019	49,075,694	41,811,164	85.2%
2020 (<i>Budget</i>)	51,438,594	42,745,669	83.1%
2021 (<i>Budget</i>)	52,090,002	43,501,402	83.5%

Source: Town Audited Financial Reports and Adopted Budgets.

Non-Property Taxes. The County is authorized and levies a sales and compensating use tax of 4.75%, a portion of which is shared with the Town, in addition to the 4% tax levied by the State. Such sales tax collections in New York are administered by the State Tax Commissioner and the proceeds are paid to the County quarterly. The Town receives quarterly payments from the County.

The following table sets forth General Fund revenues and General Fund non-property tax revenues received during the last five fiscal years and the amounts budgeted for the current and ensuing fiscal years.

TABLE 2
Non-Property Taxes
(General Fund Only)

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Total</u> <u>Revenues</u>	<u>Non-Property</u> <u>Taxes</u>	<u>Non-Property</u> <u>Taxes to Revenues</u>
2015	\$48,173,907	\$1,045,302	2.2%
2016	46,603,148	1,275,978	2.7%
2017	46,611,358	1,061,195	2.3%
2018	47,668,667	1,109,556	2.3%
2019	49,075,694	1,129,963	2.3%
2020 (Budget)	51,438,594	1,000,000	1.9%
2021 (Budget)	52,090,002	1,000,000	1.9%

Source: Town Audited Financial Report, 2019 Unaudited Financial Report, and Adopted Budgets.

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita, mileage and valuation, and mortgage tax). However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have an adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total General Fund revenues and State aid during the last five fiscal years and the amounts budgeted for the current and ensuing fiscal years.

TABLE 3
State Aid
(General Fund Only)

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Total</u> <u>Revenues</u>	<u>State Aid</u>	<u>State Aid</u> <u>to Revenues</u>
2015	\$48,173,907	\$1,522,037	3.2%
2016	46,603,148	1,762,871	3.8%
2017	46,611,358	1,872,974	4.0%
2018	47,668,667	1,587,436	3.3%
2019	49,075,694	1,655,670	3.4%
2020 (Budget)	51,438,594	1,316,100	2.6%
2021 (Budget)	52,090,002	1,319,375	2.5%

Source: Town Audited Financial Reports, 2019 Unaudited Financial Report, and Adopted Budgets.

The amount of State aid to municipalities and school districts is dependent in part upon the financial condition of the State. In addition, the availability of State aid and the timeliness of payment of State aid to municipalities and school districts could be affected by a delay in the adoption of the State budget. The State's 2020-2021 Budget was adopted on April 2, 2020, past April 1 deadline. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to municipalities and school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

It should be noted that the City of New York was severely affected by the COVID-19 pandemic, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and

unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of \$10-\$15 billion.

To mitigate such a potential gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances. See "COVID-19," herein, for further details on such pandemic and its effects on the State.

The State Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement the same. Specifically, in the event of a qualifying disaster or reasonable apprehension of immediate danger to the public safety, the municipal chief executive has the authority to declare a local state of emergency for a period of up to 30 days and issue orders to protect life and property or to bring the emergency situation under control. The Town has declared a local state of emergency.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic will almost certainly have a significant adverse effect on the Town's finances.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues.

Budget Process

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before August 15th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget

which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. As such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Director of Administration and Finance. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board. See also "*The Tax Levy Limit Law*," herein.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of the bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable

information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of the State Comptroller and each school district's ST-3 report filed with the State Education Department annually, each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, it means that the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as "No Designation". (see <https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2019-munis-summary.pdf>)

New York State Comptroller's Audit

The financial affairs of the Town are subject to periodic compliance reviews by the Office of the State Comptroller (OSC) to ascertain whether the Town has complied with the requirements of various State and federal statutes.

An audit conducted by OSC was released on April 18, 2014. The purpose of the audit was to review the Town's procurement process for the period January 1, 2010 through August 28, 2013.

The last audit conducted by OSC was released on April 7, 2017. The purpose of the audit was to review credit card use and purchases for the period January 1, 2015 through December 14, 2016. The key findings were that the Town's credit card policy does not identify specific individuals who are authorized to use credit cards, establish credit limits or set purchase restrictions, not all cardholders attached the required purchasing log to their credit card statements when submitting their receipts to the accounting department, and Board minutes do not contain any evidence to show that the Board audited credit card purchases. OSC recommended that the Town view credit limits and the assignment of credit cards and establish daily credit limits and purchase restrictions as required by the credit card policy, ensure that cardholders complete purchasing logs and submit them with credit card statements and itemized receipts for all purchases, and perform a thorough and deliberate audit of credit card bills and charges prior to payment. The Town has implemented many of the recommendations and controls suggested by the State.

A copy of the audit and the Town's response can be found at <http://www.osc.state.ny.us/localgov/audits/towns/2017/cheektowga.htm>).

Other than the foregoing, no other audits of the Town have been conducted by OSC in the last five years.

TAX INFORMATION

Real Property Tax Collection Procedures and History

The Town Clerk collects the County and School District taxes, as well as, the General Town and Special District levies. Pursuant to the Erie County Tax Act, under which the Town collects taxes, any uncollected items are deducted from the amount returned to the County and the County assumes the responsibility for obtaining payment. Therefore, before the tax rolls are returned to the County at the end of the tax collection period, May 1st, the Town Clerk pays in full to the Supervisor, the General Fund, Town Highway and Special District levies.

The Town employs the one-payment tax system. Taxes are due January 1, payable without penalty to February 15. Penalties are imposed as follows: February 16 to 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 17 a 6% penalty; April 18 to May 1 a 7.5% penalty. Once May 2, the 7.5% penalty fee is added to the levy forming the base of the tax then due. Thereafter, interest is added to the base at the rate of 1.5% per month on the 1st of each month, making 18.78% in all when unpaid taxes are sold to the County in November, which makes the Town whole with their tax levy.

The following table sets forth the tax collection record of the Town for the past five years.

TABLE 4
Tax Levy and Collection Record ^(a)

<u>Fiscal Year</u> <u>December 31:</u>	<u>Total Tax</u> <u>Warrant</u>	<u>Amount</u> <u>Collected</u>	<u>Percentage</u> <u>Returned to</u> <u>County</u>
2016	\$106,942,534	\$98,937,866	7.49%
2017	107,209,860	99,107,880	7.56%
2018	110,045,397	104,842,735	4.73%
2019	111,655,011	106,883,521	4.27%
2020 ^(b)	114,594,113	109,043,611	4.84%

(a) As described above, the Town receives 100% of the amount of taxes levied.

(b) The 2020 values are as of June 24, 2020.

Source: Town Officials.

The following table sets forth the assessed and full valuation of taxable real property, the State equalization rate and the Town's real property tax levy for Town purposes for the last five fiscal years.

TABLE 5
Taxable and Full Valuation

Roll Year	2015	2016	2017	2018	2019
Tax Year	2016	2017	2018	2019	2020
Assessed Valuation ^(a)	\$4,599,535,569	\$4,714,601,299	\$4,783,383,865	\$4,784,692,710	\$4,761,322,640
State Equalization Rate	100.00%	100.00%	100.00%	93.00%	85.00%
Full Valuation ^(b)	4,599,535,569	4,714,601,299	4,783,383,865	5,144,830,871	5,601,556,047
Total Tax Levy	106,942,534	107,209,860	110,045,397	111,655,011	114,594,113
County and State:	5.28	5.25	5.24	5.45	5.91
Town and Highway					
Outside of Villages:	9.50	8.56	8.66	8.82	8.93
Village of: Depew:	7.65	7.55	7.65	7.68	7.80
Sloan:	8.58	8.45	8.55	8.70	8.81
Williamsville:	8.58	8.45	8.55	8.70	8.81

(a) Includes the assessed valuations of special franchises but excludes assessed valuations of all exempt properties to the extent they are exempt from general taxation.

(b) Computed by dividing the taxable assessed valuation by the State equalization rate established for that year.

Source: Town Assessor.

Ten Largest Assessed Values for the 2020 Fiscal Year

The following table presents the total 2019 assessed valuations of the Town's largest property owners used for the 2020 tax levy.

TABLE 6

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u> (1)
Pyramid Walden Company, LP Total	Shopping Mall	\$ 166,386,487	3.49%
Benderson Properties Total	Commercial	136,035,351	2.86%
National Fuel Gas Dist Co Total	Utility	39,490,729	0.83%
Niagara Mohawk Power Corp Total	Utility	31,373,453	0.66%
NYS Electric & Gas Corp Total	Utility	29,134,388	0.61%
Idylwood LLC Total	Apartments	27,000,000	0.57%
Sky Harbor Property, LLC Total	Real Estate	25,041,893	0.53%
CSX Transportation Inc. Total	Transportation	24,260,648	0.51%
Uniland Development Company Total	Commercial	24,112,630	0.51%
Union Consumer Improvements Total	Commercial	<u>23,400,000</u>	<u>0.49%</u>
	Totals:	<u>\$526,235,579</u>	<u>11.05%</u>

(1) Total taxable assessed valuation for 2020 is \$4,761,322,640.

Source: Town Assessor

The Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended ("Tax Levy Limit Law"), all the taxable real property within the Town was subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012 without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating: (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

TOWN INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Bonds.

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the Town determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “*Nature of Obligation*”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town’s power to increase its annual tax levy. See “*The Tax Levy Limit Law*,” herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bond and bond anticipation notes issued in anticipation of such bonds, by the adoption of a bond resolution,

approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedures with respect to the bond resolutions adopted in connection with authorization of the Bonds.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York, permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued.

In addition, under each bond resolution, the Town Board may delegate, and has delegated, the power to issue and sell bonds and notes, to the Supervisor, the chief fiscal officer of the Town.

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the Town to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein.)

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town, as of November 20, 2020.

TABLE 7
Constitutional Debt Limit

<u>Fiscal</u>	<u>Assessed</u>	<u>Equalization</u>	<u>Full</u>
<u>Year</u>	<u>Valuation</u>	<u>Rate</u>	<u>Valuation</u>
2016	\$4,599,535,569	100.00%	\$4,599,535,569
2017	4,714,601,299	100.00%	4,714,601,299
2018	4,783,383,865	100.00%	4,783,383,865
2019	4,784,692,710	93.00%	5,144,830,871
2020	4,761,322,640	85.00%	<u>5,601,556,047</u>
Total Five-Year Full Valuation			\$24,843,907,651
Average Five-Year Full Valuation			\$4,968,781,530
Debt Limit - 7% of Average Full Valuation			\$347,814,707

Source: Town Assessor's Office and the New York State Office of Real Property Services.

Statement of Debt Contracting Power

The following is the calculation of the debt contracting power of the Town.

TABLE 8
Statutory Debt Limit and Net Indebtedness
(As of November 20, 2020)

Debt Contracting Limitation	\$347,814,707
Gross Direct Indebtedness	
Bond Anticipation Notes	0
Serial Bonds	<u>48,740,000</u>
Total Gross Direct Indebtedness	48,740,000
 Exclusions and Deductions	
Appropriations for Bonds	0
Appropriations for BANs	<u>0</u>
Total Exclusions	0
Total Net Indebtedness	<u>\$48,740,000</u>
Net Debt-Contracting Margin	<u>\$299,074,707</u>
Percentage of Debt-Contracting Margin Exhausted	14.01%

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for the last five fiscal years.

TABLE 9
Outstanding Indebtedness

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$20,564,000	\$45,345,000	\$47,800,000	\$44,830,000	\$52,410,000
Bond Anticipation	14,418,000	0	0	0	0
Capital Leases	<u>2,257,238</u>	<u>1,799,486</u>	<u>1,319,995</u>	<u>817,728</u>	<u>291,611</u>
Total Outstanding Debt	<u>\$ 37,239,238</u>	<u>\$47,144,486</u>	<u>\$49,119,995</u>	<u>\$45,647,728</u>	<u>\$52,701,611</u>

Source: Town officials.

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Direct Debt:</u>				
	Gross Direct Debt			\$48,740,000
	Exclusions and Deductions			<u>0</u>
	Net Direct Debt			<u>\$48,740,000</u>
<u>Overlapping Debt:</u>				
<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of</u>	<u>Town Share</u>	<u>Amount Applicable To Town</u>
Erie County	\$ 345,940,000	10/31/2019	9.15%	\$31,653,510
Village of:				
Depew	8,321,637	01/22/2020	16.46%	1,369,741
Sloan	210,082	5/31/2019	2.30%	4,832
Williamsville	4,741,000	5/31/2019	8.17%	387,340
School Districts:				
Cheektowaga CSD	24,835,000	12/12/2019	100.00%	24,835,000
Cheektowaga-Maryvale	25,395,000	08/14/2020	100.00%	25,395,000
Cheektowaga-Sloan	35,593,887	11/13/2019	93.60%	33,315,878
Cleveland Hill UFSD	12,925,000	06/30/2019	100.00%	12,925,000
Depew UFSD	32,924,184	02/04/2020	68.66%	22,605,745
Lancaster CSD	67,245,000	05/11/2020	11.05%	7,430,573
West Seneca CSD	16,415,000	05/27/2020	14.25%	2,339,138
Williamsville CSD	15,608,436	05/19/2020	0.09%	<u>14,048</u>
	Net Overlapping Debt			\$162,275,804
	Net Direct Debt			<u>48,740,000</u>
	Total Net Direct and Overlapping Debt			<u>\$211,015,804</u>

Source: Official Statements, State Comptroller's Special Report.

Short Term Indebtedness

The Town does not have any bond anticipation notes outstanding.

Authorized but Unissued Indebtedness

The Town has \$750,000 authorized but unissued relating to a bond resolution adopted by the Town board on March 10, 2020 authorizing the issuance of serial bonds in an amount not to exceed \$750,000 for Town roads.

The Town has \$10,000,000 authorized but unissued relating to a bond resolution adopted by the Town board June 26, 2019 authorizing the issuance of serial bonds in an amount not to exceed \$10,000,000 for sewer district improvements.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness, exclusive of the Bonds.

TABLE 11
Bond Principal and Interest Maturity
(as of November 20, 2020)

Fiscal Year	Principal	Interest	Total
<u>Ending Dec. 31:</u>			
2020	\$ 0	\$6,175	\$6,175
2021	\$3,425,000	\$1,943,097	\$5,368,097
2022	\$3,500,000	\$1,775,603	\$5,275,603
2023	\$3,570,000	\$1,604,443	\$5,174,443
2024	\$3,635,000	\$1,429,822	\$5,064,822
2025	\$3,650,000	\$1,252,041	\$4,902,041
2026	\$3,380,000	\$1,088,544	\$4,468,544
2027	\$3,230,000	\$959,667	\$4,189,667
2028	\$3,185,000	\$823,964	\$4,008,964
2029	\$3,120,000	\$690,853	\$3,810,853
2030	\$3,020,000	\$570,982	\$3,590,982
2031	\$2,810,000	\$456,913	\$3,266,913
2032	\$2,175,000	\$352,892	\$2,527,892
2033	\$1,795,000	\$284,709	\$2,079,709
2034	\$1,635,000	\$230,744	\$1,865,744
2035	\$1,250,000	\$178,606	\$1,428,606
2036	\$645,000	\$134,106	\$779,106
2037	\$655,000	\$113,556	\$768,556
2038	\$670,000	\$99,175	\$769,175
2039	\$680,000	\$84,000	\$764,000
2040	\$385,000	\$67,750	\$452,750
2041	\$390,000	\$58,125	\$448,125
2042	\$390,000	\$48,375	\$438,375
2043	\$400,000	\$38,625	\$438,625
2044	\$400,000	\$28,625	\$428,625
2045	\$405,000	\$18,625	\$423,625
2046	<u>340,000</u>	<u>8,500</u>	<u>348,500</u>
Totals:	<u>\$48,740,000</u>	<u>\$14,348,517</u>	<u>\$63,088,517</u>

Note: Columns may not sum due to rounding
Source: Town Officials

Capital Leases

The Town entered into a long-term capital lease including an amendment, for certain energy related equipment and machinery. The present value of the amended lease at December 31, 2019 is \$291,611. During the year ended December 31, 2019, the Town entered into two capital leases for various vehicles within Town departments. The present value of the amended lease at December 31, 2019 is \$233,495. A \$525,106 long-term liability has been recorded within the Town's financial statements.

Payments on the amended lease commenced January 15, 2005 and are due every six months thereafter (payment dates are January 15 and July 15). Total payments range between \$48,820 and \$165,400 with final payment due January 15, 2022. The interest rate ranges from 2.35% to 5.5%. The obligations of the Town under the lease are summarized as follows:

<u>Year ended December 31:</u>	<u>Governmental Activities</u>
2020	\$162,492
2021	97,640
2022	<u>48,820</u>
Total lease payments	<u>308,952</u>
Less: Amount representing imputed interest costs	<u>(17,341)</u>
Present value of minimum lease payments	<u>\$291,611</u>

Debt Ratios

The following table presents certain debt ratios relating to the Town's net direct and overlapping indebtedness.

TABLE 12
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$48,740,000	\$ 552	1.02%
Net Direct & Overlapping Debt	\$211,015,804	\$1,839	3.41%

(1) The population of the Town is 88,226 according to the 2010 U.S. Census estimate.

(2) The Town's full value of taxable real property for 2020 is \$4,761,322,640.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County, and State based upon recent census data.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>% Change</u>
Town	94,019	88,226	(6.16%)
County	950,265	919,040	(3.28%)
State	18,976,457	19,378,102	2.11%

Source: US Census Bureau

Employment and Unemployment

The following tables provide information concerning income and employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town. Because the Town is centrally located in Western New York, many of its residents are employed throughout the neighboring communities.

TABLE 14
Large Commercial and Industrial Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Walden Galleria Mall	Retail	3,000
St. Joseph Hospital	Healthcare Provider	800
Ingersoll Rand	Industrial	600
Derrick Corporation	Industrial	500
Town of Cheektowaga	Local Government	436
Cheektowaga Central School District	Educational Facility	350
Maryvale School District	Educational Facility	310
First Student Bus Service	Transportation	280
Rosina Foods	Industrial	260
Upstate Niagara Cooperative, Inc.	Industrial	250
ITT Standard	Industrial	250

Source: Town Officials.

TABLE 15
Income
(in 2014 dollars, \$)

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income (2010-2014)	48,643	51,050	53,482
Per Capita Income (2010-2014)	25,597	28,512	28,555

TABLE 16
Civilian Labor Force
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town	44.7	44.1	43.9	43.5	43.4
County	448.6	444.1	444.1	442.1	441.3
State	9,558.8	9,551.9	9,549.1	9,521.9	9,514.4

Source: New York State Department of Labor, Bureau of Labor Statistics.

TABLE 17
Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2015	5.5%	5.3%	5.3%
2016	5.1%	4.9%	4.8%
2017	5.4%	5.2%	4.7%
2018	4.5%	4.4%	4.1%
2019	4.3%	4.3%	4.0%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 18
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
October 2019	4.0%	4.0%	3.7%
November	4.1%	4.1%	3.6%
December	4.8%	4.6%	3.7%
January 2020	5.2%	4.9%	4.1%
February	4.9%	4.7%	3.9%
March	5.0%	5.0%	4.4%
April	20.3%	18.7%	15.1%
May	15.1%	13.9%	14.2%
June	14.1%	13.5%	15.6%
July	14.5%	14.0%	16.0%
August	10.6%	10.7%	12.5%
September	6.6%	6.7%	9.4%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Financial Institutions

The following commercial banks have one or more offices located within the Town: M & T Bank, Citizens Bank, Key Bank and Bank of America, N.A.

Building Permits

The following table sets forth information regarding building permits issued by the Town:

TABLE 19
Building Permits

Fiscal Year Ended					
<u>December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential Permits	434	1,282	1,105	1,222	1,477
Commercial Permits	224	354	232	249	290
Other Permits	<u>1,469</u>	<u>1,700</u>	<u>2011</u>	<u>1876</u>	<u>1820</u>
Yearly Total	2,127	3,336	3,338	3,347	3,587
Estimated Value (Millions)	<u>\$62.6</u>	<u>\$48.3</u>	<u>\$42.0</u>	<u>\$36.00</u>	<u>\$45.77</u>

Source: Town Officials.

LITIGATION

In common with other municipalities, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the Town, would have an adverse material effect on the financial condition of the Town or the Bonds.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

Town of Cheektowaga, New York
Comparative Balance Sheet
(General Fund and Town Outside Village)
At December 31

	<u>General Fund</u>		<u>Special Revenue Town Outside Village</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>				
Cash and Investments	\$23,614,215	\$26,701,013	\$811,091	\$759,400
Receivables:				
Accounts Receivable	753,073	995,894	0	0
Loans Receivable	110,664	66,554	0	0
Intergovernmental Receivables	1,064,383	856,594	1,210,892	1,148,283
Due from Other Funds	3,986,352	3,274,269	533,658	533,657
Prepaid Items	1,321,594	1,408,450	32,095	33,977
Total Assets	<u>\$30,850,281</u>	<u>\$33,302,774</u>	<u>\$2,587,736</u>	<u>\$2,475,317</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$684,749	\$722,349	\$17,612	\$9,379
Accrued Liabilities	6,689,193	7,621,156	23,550	27,417
Intergovernmental Payables	926,469	940,000	1,802	2,097
Due to Other Funds	120,302	100,538	152,343	184,264
Deferred Revenues	274,435	425,411	0	0
Total Liabilities	<u>\$8,695,148</u>	<u>\$9,809,454</u>	<u>\$195,307</u>	<u>\$223,157</u>
Deferred Inflows of Resources:				
Golf Course Lease	103,245	63,912	0	0
Loans Receivable	110,664	66,554	0	0
Total Deferred Inflows of Resources	<u>213,909</u>	<u>130,466</u>	<u>0</u>	<u>0</u>
Fund Balance:				
Nonspendable	1,321,594	1,408,450	32,095	33,977
Restricted	7,430,499	8,664,669	0	0
Assigned	5,116,432	5,066,173	2,360,334	2,218,183
Unassigned	8,072,699	8,223,562	0	0
Total Fund Balance	<u>21,941,224</u>	<u>23,362,854</u>	<u>2,392,429</u>	<u>2,252,160</u>
Total Liabilities, Deferred Inflows of Resources & Fund	<u>\$30,850,281</u>	<u>\$33,302,774</u>	<u>\$2,587,736</u>	<u>\$2,475,317</u>

Source: Audited Financial Statements.

THIS SUMMARY WAS NOT SUBJECT TO AUDIT.

**Town of Cheektowaga, New York
(Special Revenue Funds)**

At December 31

(Includes Highway, Sewer, Consolidated Garbage and Community Development Funds)

	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and Investments	\$ 17,761,955	\$ 19,182,919
Receivables:		
Accounts Receivable	23,171	20,796
Loans Receivable	6,089,850	6,269,671
Intergovernmental Receivables	4,817,012	4,910,909
Due from Other Funds	134,347	12,142
Prepaid Items	<u>277,679</u>	<u>293,983</u>
Total Assets	<u>29,104,014</u>	<u>30,690,420</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	549,518	480,257
Accrued Liabilities	505,590	476,524
Intergovernmental Payables	388,886	432,877
Due to Other Funds	<u>3,553,589</u>	<u>3,360,667</u>
Total Liabilities	<u>4,997,583</u>	<u>4,750,325</u>
Fund Balance:		
Nonspendable	277,679	224,646
Restricted	6,089,850	6,269,671
Assigned	<u>17,738,902</u>	<u>19,376,441</u>
Total Fund Balance	<u>24,106,431</u>	<u>25,870,758</u>
Total Liabilities, Deferred Inflows of Resources & Fund	<u>\$ 29,104,014</u>	<u>\$ 30,621,083</u>

Source: Audited Financial Statements.

THIS SUMMARY WAS NOT SUBJECT TO AUDIT.

Town of Cheektowaga, New York
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 38,709,967	\$ 39,634,111	\$ 40,059,214	\$ 41,085,122	\$ 41,811,164
Other Property Tax Items	1,223,691	962,928	796,626	783,340	742,518
Non property Tax Items	1,045,302	1,275,978	1,061,195	1,109,556	1,129,963
Departmental Income	1,457,187	1,374,458	1,323,311	1,485,192	1,723,988
Use of Money and Property	57,729	65,567	93,890	169,275	348,542
Licenses and Permits	31,056	33,127	33,134	29,832	28,970
Fines and Forfeitures	1,172,952	1,058,461	970,153	1,045,305	1,107,262
Sale of Property & Compensation for Loss	99,763	232,446	78,445	49,755	98,716
Miscellaneous	2,644,482	110,761	166,562	131,677	164,658
State Aid	1,522,037	1,762,871	1,872,974	1,587,436	1,655,670
Federal Aid	209,741	92,440	155,854	192,177	268,850
Total Revenues	<u>48,173,907</u>	<u>46,603,148</u>	<u>46,611,358</u>	<u>47,668,667</u>	<u>49,080,301</u>
Expenditures:					
General Government Support	7,942,463	9,135,167	10,816,088	8,729,771	9,933,233
Public Safety	17,311,759	17,338,127	17,142,672	17,550,535	17,946,747
Transportation	229,230	225,987	234,967	250,226	274,486
Economic Assistance & Opportunity	10,235	7,486	4,764	4,562	5,367
Culture and Recreation	5,115,307	4,960,875	4,862,218	4,825,870	4,564,221
Employee Benefits	17,157,920	19,363,552	18,855,504	18,499,019	19,038,249
Debt Service	0	0	0	0	35,886
Total Expenditures	<u>47,766,914</u>	<u>51,031,194</u>	<u>51,916,213</u>	<u>49,859,983</u>	<u>51,798,189</u>
Excess of Revenues Over (Under)					
Expenditures	<u>406,993</u>	<u>(4,428,046)</u>	<u>(5,304,855)</u>	<u>(2,191,316)</u>	<u>(2,717,888)</u>
Other Financing Sources (Uses):					
Operating Transfers In	6,057,143	5,464,636	5,533,376	5,939,222	5,787,844
Operating Transfers Out	(3,262,485)	(1,764,833)	(1,608,578)	(1,746,691)	(1,854,344)
Proceeds from capital leases	0	0	0	0	206,018
Total Other Financing Sources (Uses)	<u>2,794,658</u>	<u>3,699,803</u>	<u>3,924,798</u>	<u>4,192,531</u>	<u>4,139,518</u>
Excess of Revenues and Other Financing Sources					
Over (Under) Expenditures (Uses)	3,201,651	(728,243)	(1,380,057)	2,001,215	1,421,630
Fund Balance at January 1	<u>17,560,220</u>	<u>20,761,871</u>	<u>20,033,628</u>	<u>18,653,571</u>	<u>21,941,224</u>
Fund Balance at December 31	<u>\$ 20,761,871</u>	<u>\$ 20,033,628</u>	<u>\$ 18,653,571</u>	<u>\$ 20,654,786</u>	<u>\$ 23,362,854</u>

Source: Audited Financial Statements.

THIS SUMMARY WAS NOT SUBJECT TO AUDIT.

Town of Cheektowaga, New York
Special Revenue Funds - Town Outside Village
Statement of Revenues, Expenditures and Changes in Fund Balances

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Non-Property Taxes	\$ 1,122,790	\$ 1,101,911	\$ 1,011,975	\$ 1,033,677	\$ 1,082,396
Use of Money and Property	600	804	1,622	800	1,000
Licenses and Permits	625,435	631,468	747,874	600,000	600,000
Sale of property and compensation for loss	0	43	25	0	0
Miscellaneous	1,658	0	4,351	0	0
Federal Aid	700	700	700	500	500
Total Revenues	<u>1,751,183</u>	<u>1,734,926</u>	<u>1,766,547</u>	<u>1,634,977</u>	<u>1,683,896</u>
Expenditures:					
Public Safety	1,062,662	1,068,577	1,141,196	1,225,536	1,266,779
Home and Community	41,035	40,952	38,367	44,114	44,114
Employee Benefits	279,411	247,949	229,065	297,657	309,368
Total Expenditures	<u>1,383,108</u>	<u>1,357,478</u>	<u>1,408,628</u>	<u>1,567,307</u>	<u>1,620,261</u>
Excess of Revenues Over (Under) Expenditures	<u>368,075</u>	<u>377,448</u>	<u>357,919</u>	<u>67,670</u>	<u>63,635</u>
Other Financing Sources (Uses):					
Operating Transfers Out	<u>(333,566)</u>	<u>(356,086)</u>	<u>(350,542)</u>	<u>(426,310)</u>	<u>(413,635)</u>
Other Financing Sources (Uses)	<u>(333,566)</u>	<u>(356,086)</u>	<u>(350,542)</u>	<u>(426,310)</u>	<u>(413,635)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	34,509	21,362	7,377	(358,640)	(350,000)
Fund Balance at January 1	<u>2,167,264</u>	<u>2,201,773</u>	<u>2,223,135</u>	<u>2,230,512</u>	<u>2,392,429</u>
Fund Balance at December 31	<u>\$ 2,201,773</u>	<u>\$ 2,223,135</u>	<u>\$ 2,230,512</u>	<u>\$ 1,871,872</u>	<u>\$ 2,042,429</u>

Source: Audited Financial Statements.

THIS SUMMARY WAS NOT SUBJECT TO AUDIT.

Town of Cheektowaga, New York
Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
(Includes Highway, Sewer, Consolidated Garbage and Community Development Funds)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes	\$ 21,902,234	\$ 22,963,926	\$ 22,555,542	\$ 23,558,193	\$ 23,503,247
Other Property Taxes	46,506	47,201	32,349	30,260	30,863
Non-Property Taxes Items	8,393,684	8,162,656	8,452,212	8,657,765	9,170,875
Departmental Income	152,999	133,029	130,441	0	0
Intergovernmental Charges	567,065	569,439	599,410	756,353	684,644
Use of Money and Property	10,932	17,860	22,347	61,933	242,805
Sale of Property and Compensation for Loss	42,567	145,676	9,012	58,940	26,930
Miscellaneous	268,401	129,408	202,619	806,110	407,204
State Aid	1,168,895	933,398	935,938	1,043,387	1,046,618
Federal Aid	2,371,986	1,271,569	2,241,804	772,541	1,848,896
Total Revenues	<u>34,925,269</u>	<u>34,374,162</u>	<u>35,181,674</u>	<u>35,745,482</u>	<u>36,962,082</u>
Expenditures:					
Transportation	7,216,283	6,829,274	6,686,666	6,432,860	6,836,010
Home and Community Services	16,596,162	15,356,213	17,832,427	16,312,699	15,790,885
Employee Benefits	3,562,655	3,633,536	3,451,915	3,226,302	3,719,283
Debt Service	0	0	0	0	2,796
Total Expenditures	<u>27,375,100</u>	<u>25,819,023</u>	<u>27,971,008</u>	<u>25,971,861</u>	<u>26,348,974</u>
Excess of Revenues Over (Under) Expenditures	<u>7,550,169</u>	<u>8,555,139</u>	<u>7,210,666</u>	<u>9,773,621</u>	<u>10,613,108</u>
Other Financing Sources (Uses):					
Operating Transfers In	598,960	2,772,000	110,000	90,000	90,000
Operating Transfers Out	(6,855,227)	(9,303,630)	(8,006,354)	(9,341,654)	(8,935,633)
Proceeds from capital leases	0	0	0	0	66,159
Other Financing Sources (Uses)	<u>(6,256,267)</u>	<u>(6,531,630)</u>	<u>(7,896,354)</u>	<u>(9,251,654)</u>	<u>(8,779,474)</u>
Net change in fund balances	1,293,902	2,023,509	(685,688)	521,967 #	1,833,634
Fund Balance at January 1	<u>14,570,424</u>	<u>22,246,643</u>	<u>24,270,152</u>	<u>23,584,464</u>	<u>24,106,431</u>
Fund Balance at December 31	<u>\$ 15,864,326</u>	<u>\$ 24,270,152</u>	<u>\$ 23,584,464</u>	<u>\$ 24,106,431</u>	<u>\$ 25,940,065</u>

Source: Audited Financial Statements.
THIS SUMMARY WAS NOT SUBJECT TO AUDIT.

Town of Cheektowaga, New York

2020 Budget Summary

	<u>General Fund</u>	Town Outside <u>Village</u>	<u>Special Revenue</u>
Revenues:			
Real Property Taxes	\$42,745,669	\$0	\$23,617,036
Nonproperty Tax Items	1,000,000	1,088,696	8,415,654
Departmental Income	1,420,325	0	670,600
Use of Money and Property	189,000	5,000	160,000
Appropriated Fund Balance	3,550,000	350,000	2,100,000
State Aid	1,316,100		820,000
Federal Aid	70,500	500	27,000
All Other Sources	1,147,000	600,000	33,000
Total Revenues	<u>\$51,438,594</u>	<u>\$2,044,196</u>	<u>\$35,843,290</u>
Expenditures:			
General Government Support	6,794,486	0	\$0
Public Safety	18,796,000	1,252,255	0
Transportation	282,656	0	6,528,155
Economic Assistance & Opportunity	8,825	0	0
Culture and Recreation	4,899,695	0	0
Home and Community Service	0	44,074	15,720,545
Employee Benefits	8,583,932	334,232	3,474,079
Interfund Transfers	12,073,000	413,635	10,120,511
Total Expenditures	<u>\$51,438,594</u>	<u>\$2,044,196</u>	<u>\$35,843,290</u>

Source: Budget summary extracted from 2020 Adopted Budget.

Town of Cheektowaga, New York

2021 Budget Summary

	<u>General Fund</u>	<u>Town Outside Village</u>	<u>Special Revenue</u>
Revenues:			
Real Property Taxes	\$43,501,402	\$0	\$24,611,568
Nonproperty Tax Items	1,000,000	1,045,941	7,758,409
Departmental Income	1,371,725	600,000	673,600
Use of Money and Property	109,000	2,400	54,750
Appropriated Fund Balance	3,700,000	450,000	2,376,650
State Aid	1,319,375	0	656,000
Federal Aid	70,500	500	27,000
All Other Sources	1,018,000	0	47,000
Total Revenues	\$52,090,002	0	\$36,204,977
Expenditures:			
General Government Support	6,727,657	0	0
Public Safety	18,590,226	1,267,866	0
Transportation	279,563	0	6,425,772
Economic Assistance & Opportunity	8,825	0	0
Culture and Recreation	4,870,397	0	0
Home and Community Service	0	43,914	15,379,508
Employee Benefits	9,530,744	382,836	4,510,441
Interfund Transfers	12,082,590	404,225	9,889,256
Total Expenditures	\$52,090,002	\$2,098,841	\$36,204,977

Source: Budget summary extracted from 2021 Adopted Budget.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/RE1361118-RE1053349-RE1467513.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Drescher & Malecki LLP has not been requested by the Town
to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**

APPENDIX D

Form of Approving Legal Opinion of Bond Counsel

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

December 17, 2020

The Town Board of the
Town of Cheektowaga, in the
County of Erie, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Cheektowaga (the “Town”), in the County of Erie, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$6,750,000 Various Purpose Serial Bonds-2020 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Town will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

APPENDIX E

Form of Disclosure Undertaking

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Town of Cheektowaga**, in the County of Erie, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of December 3, 2020.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$6,750,000 Various Purpose Serial Bonds-2020**, dated December 17, 2020, maturing in various principal amounts on December 15 in each of the years 2021 through 2040, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York, to the EMMA System:

- (i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2019, the audited financial statements of the Issuer

for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does

not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in Appendix A of the Issuer's final official statement relating to the Securities under the headings: "THE TOWN," "FINANCIAL FACTORS," "TAX INFORMATION," "TOWN INDEBTEDNESS", "ECONOMIC AND DEMOGRAPHIC DATA," and "LITIGATION," and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of December 17, 2020.

TOWN OF CHEEKTOWAGA

By _____
Supervisor and Chief Fiscal Officer