PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 22, 2021

NEW ISSUES	**Rating: See "RATING" herein**
BOOK-ENTRY-ONLY BONDS	**SERIAL BONDS**

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

The Bonds will ***NOT*** *be "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.*

VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK

$14,453,425*
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2021
(the "Bonds")

Date of Issue: Date of Delivery	**Maturity Date: February 15, 2022-2041**

The Bonds are general obligations of the Village of Port Chester, Westchester County, New York (the "Village"), and all of the taxable real property within the Village is subject to the levy of ad valorem 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 "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*" herein.)

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on February 15, 2022, August 15, 2022 and semi-annually thereafter on February 15 and August 15 in each year until maturity. The Bonds shall mature on February 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See "*Optional Redemption*" herein.)

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds which is or includes $8,425. Purchasers, as the Beneficial Owners, will not receive certificates representing their ownership interest in the Bonds.

The Bonds are offered subject to the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery through the offices of DTC in Jersey City, New Jersey or as otherwise agreed with the purchasers on or about February 18, 2021.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DEFINED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

DATED: February __, 2021

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*Preliminary, subject to change.

The Bonds will mature on February 15, subject to optional redemption, in the following years and principal amounts:

Year	Amount*	Interest Rate	Yield	CUSIP***	Year	Amount*	Interest Rate	Yield	CUSIP***
2022	$668,425	%	%		2032**	$715,000	%	%	
2023	670,000				2033**	725,000			
2024	675,000				2034**	735,000			
2025	675,000				2035**	745,000			
2026	680,000				2036**	755,000			
2027	685,000				2037**	765,000			
2028	690,000				2038**	775,000			
2029	695,000				2039**	785,000			
2030**	700,000				2040**	800,000			
2031**	705,000				2041**	810,000			

* The principal maturities of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Bond Sale.

** Subject to optional redemption prior to maturity. (See *"Optional Redemption"* herein).

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

VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK

INDEPENDENT AUDITORS

Drescher & Malecki LLP
Certified Public Accountants
Cheektowaga, New York

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR

CMA
CapitalMarketsAdvisors,LLC

Capital Markets Advisors, LLC
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No person has been authorized by the Village to give any information or to make any representations not 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 foregoing. 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, estimates 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 Village since the date hereof.

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OFFICIAL STATEMENT

VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK

relating to

$14,453,425*
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2021
(the "Bonds")

This Official Statement (the "Official Statement"), which includes the cover page and appendices attached hereto, presents certain information relating to the Village of Port Chester, in the County of Westchester, in the State of New York (the "Village," "County," and "State," respectively), in connection with the sale of $14,453,425* Public Improvement (Serial) Bonds, 2021 (the "Bonds").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See "MARKET FACTORS", "*Impacts of COVID-19*" and "*State Aid*" herein.)

THE BONDS

Description of the Bonds

The Bonds are dated their Date of Delivery and will bear interest from such date payable February 15, 2022, August 15, 2022 and semiannually thereafter on February 15 and August 15 until maturity. The Bonds shall mature on February 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See *"Optional Redemption"* herein.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of $5,000 and integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds which is or includes $9,425. Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal and interest on the Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners of the Bonds as described under *"Book-Entry-Only System,"* herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

*Preliminary, subject to change.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and laws of the State, including the Local Finance Law, and various bond resolutions adopted by the Village Board of Trustees of their respective dates. A portion of the proceeds from the sale of the Bonds in the amount of $4,878,000, along with $80,000 of available funds, will be used to redeem the Village's Bond Anticipation Notes, 2020 (Renewals) at maturity on February 19, 2021. A portion of the proceeds from the sale of the Bonds in the amount of $9,575,425 will be used to provide original financing for the purposes set forth below.

Date Authorized	Purpose	Amount Outstanding	Principal Paydowns	New Money	Amount to Bonds
5/21/2018	Bulkhead Improvements	$4,958,000	$80,000	$0	$4,878,000
5/9/2019	Fire Truck (Ladder) Harry Howard	0	0	1,650,000	1,650,000
5/9/2019	Sanitary Sewer Improvement	0	0	1,300,000	1,300,000
5/9/2019	Street Resurfacing	0	0	850,000	850,000
5/9/2019	Stormwater Drainage	0	0	815,000	815,000
5/9/2019	Garbage Trucks	0	0	700,000	700,000
8/3/2020	Computer Equipment & Software	0	0	460,425	460,425
5/9/2019	VacAll	0	0	450,000	450,000
5/9/2019	Loader	0	0	350,000	350,000
8/3/2020	Sanitation Toter Barrels	0	0	304,500	304,500
8/3/2020	Purchase of Police Vehicles	0	0	253,750	253,750
5/9/2019	2 Police Cars	0	0	220,000	220,000
5/9/2019	Sanitation Toter Barrels	0	0	200,000	200,000
5/9/2019	Sweeper	0	0	170,000	170,000
5/9/2019	Playground Equipment	0	0	150,000	150,000
5/9/2019	Outside Building Refurbishment – Village Hall	0	0	150,000	150,000
5/9/2019	Blue Garage Construction – DPW	0	0	110,000	110,000
8/3/2020	Design Work for Bulkley Drain	0	0	101,500	101,500
8/3/2020	Truck for Construction and Maintenance	0	0	101,500	101,500
5/9/2019	Voice & Data Systems	0	0	100,000	100,000
5/9/2019	Main Floor Restroom Remodel – Village Hall	0	0	100,000	100,000
5/9/2019	Accela Land Program - Software	0	0	75,000	75,000
5/9/2019	Fire Dept. - Cascade System	0	0	65,000	65,000
8/3/2020	Traffic Data Collection Study	0	0	50,750	50,750
5/9/2019	General Improvements – DPW	0	0	50,000	50,000
5/9/2019	Security Program – Village Hall	0	0	50,000	50,000
5/9/2019	Manager Vehicle	0	0	45,000	45,000
5/9/2019	Computer Equipment	0	0	40,000	40,000
5/9/2019	GPS	0	0	40,000	40,000
5/9/2019	Air Handlers – DPW	0	0	35,000	35,000
5/9/2019	Flooring – Village Hall	0	0	35,000	35,000
5/9/2019	Asset Inventory (Fire Dept - Phase 1)	0	0	25,000	25,000
5/9/2019	Entry Gate – DPW	0	0	10,000	10,000
5/9/2019	Tenant Air Conditioning Units – Village Hall	0	0	10,000	10,000
5/9/2019	Chipper Body for Hook Truck	0	0	8,000	8,000
12/21/2020	Tax Certiorari Judgments	0	0	500,000	500,000
	Total:	$4,958,000	$80,000	$9,575,425	$14,453,425

Optional Redemption

The Bonds maturing on or before February 15, 2029 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after February 15, 2030 will be subject to redemption prior to maturity, at the option of the Village, on any date on or after February 15, 2029, 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 Village may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Village shall determine to be in the best interest of the Village 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 Village by lot in any customary manner of selection as determined by the Village. Notice of such call for redemption shall be given by transmitting such notice to the registered owner not less than thirty (30) days nor more than sixty (60) days prior to such 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

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 note ("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 their registration in the name of Cede & Co. or such other DTC nominee do not effect 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 are 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 securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 issuer, 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 Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, 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 Village. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Village 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 to DTC.

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE VILLAGE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

THE VILLAGE CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

NATURE OF OBLIGATION

Each bond or note when duly issued and paid for will constitute a contract between the Village and the holder thereof.

Holders of any series of bonds or notes of the Village may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of bonds or notes.

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Village's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Information - Tax Levy Limitation Law," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted . . .. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., 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 New York 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 not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York 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.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (as amended, the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are affected indirectly by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. While the Tax Levy Limitation Law was scheduled to expire in 2020, it was made permanent by legislation enacted in 2019. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such a statutory tax levy limitation is not clear.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Village may not be enforced by levy and execution against property owned by the Village.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the 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. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the Village 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 rights of the owners of the Bonds to receive interest and principal from the Village could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Village (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), 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 described below 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 Village.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or Village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government 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 approve collective bargaining agreements in certain cases. Implementation is 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, on a certificate of necessity of the governor reciting facts which in the judgment of 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 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 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 Village has not applied to FRB and does not reasonably anticipate doing so. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, Village and school district in the State: "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. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crisises as they may occur in the State and in political subdivisions of the State 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. See "*Nature of Obligation*" and "*State Debt Moratorium Law*" herein.

No Past Due Debt. No principal of or interest on Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET FACTORS

The financial and economic condition of the Village as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Village's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected. There can be no assurance that the State appropriation for State aid to school districts or municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget or the State's financial condition due to the COVID-19 outbreak and other circumstances, including fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See "*State Aid*" and "*Sales Tax*" herein regarding COVID-19 impact on budgeted sales tax revenues).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond will decline, causing the bondholder to incur a potential capital loss if such bond is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Bonds (See "*Tax Matters*" herein).

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Village, school districts, and fire districts in the State could have an impact upon operations of the Village and as a result, the market price for the Bonds. (See "*Tax Levy Limitation Law*," herein.)

Effect of COVID-19

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 Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or to a limited extent, reduction by the State or federal government in the payment of State or federal aid. Sales tax receipts are also likely to be affected. (See "Sales Tax" herein.) 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 has reduced the spread of the virus in some areas and there have been recent 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 Village'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 resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a $14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of $63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

Cybersecurity

The Village takes cybersecurity seriously as it relies on technology to conduct its operations. The Village has an in house Department of Information and Technology Services with a Director and a level 1-3 desktop support technician and utilizes certified IT professional consultants for Level 4 help desk support, and server & network engineering tasks. The Village also has Palo Alto firewalls with intrusion protection and intrusion detection (IPS and IDS) systems in the Village Hall, Police Department, DPW complex, Fire Department Headquarters and Fire Department station four locations. In 2020, a considerable investment was made to increase cyber security at all Village locations which is ongoing and expected to continue as part of a standard operating budget. Westchester county routers are deployed for access to Criminal Justice Information Security (CJIS) information. The Village has also provided Cyber Security training to users as well as has distributed a Computer and Communications Use 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 ("OSC") 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 each school district's ST-3 report filed with the State Education Department annually, and 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, 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 Village as “No Designation”, with a fiscal score of 25.8% and an environmental score of 16.7%

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 12, 2020. The purpose of the review was to determine whether certain full-time Village employees who simultaneously worked another full-time municipal job worked the hours the Village compensated them for working for the period April 1, 2011 through November 30, 2016. The complete report and the Village’s response can be obtained from OSC’s website.

There are no OSC audits recently completed or currently in progress.

LITIGATION

General Matters. The Village is subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not believe at this time that such suits individually, or in the aggregate, are likely to have a material adverse effect on the financial condition of the Village.

Litigation. There are a number of outstanding claims and pending actions against the Village that allege negligence for personal injury and property damages, federal civil rights violations and erroneous determinations by Village officials. The Village through consultation with counsels retained by its general liability insurance company, is actively defending these claims and actions. The likelihood is remote that these claims and actions will result in judgments or settlements in excess of the Village’s insurance coverage and reserves and/or have an adverse material effect on the Village’s financial position.

Save the Sound Litigation. Specific mention is made to an action that was brought by Save the Sound, an environmental group, against Westchester County, the Village and several other municipalities in the County in the U.S. District Court, Southern District of New York, for alleged violations of federal environmental law relating to the operation of their respective sanitary sewer systems. Taking the lead among the municipal defendants, the Village entered into an early settlement on favorable terms through entry of a consent judgment with a compliance timetable with no payment in monetary damages, together with a reduced amount of attorneys’ fees. The Village was required to negotiate an amended consent judgment to provide it additional time to make full compliance. Since then, the Village has secured a close out of an administrative order with the U.S. Environmental Protection Agency (EPA), completed all of the construction work required under its sewer plan and contends that it has complied with the provisions of an inter-municipal agreement (IMA) with Westchester County. With regard to the last item, the Village is scheduling a meeting with the County to confirm that this is the case.

Sustainable Port Chester Alliance Litigation. Specific mention is made to an Article 78 proceeding brought by Sustainable Port Chester Alliance, an unincorporated organization of Village residents, non-profit organizations, including trade unions, the Port Chester/Rye Branch of the NAACP and others. The proceeding was brought in the New York Supreme Court, Westchester County, challenging the SEQRA review performed by the Board of Trustees precedent to the its May 2020 adoption of the new Form-Based Zoning Code. Typical of an Article 78 proceeding, the Petition does not seek monetary damages, but instead a judicial review and determination that the SEQRA review was not sufficient and annul the re-zoning or return the matter back to the Board for further consideration. On January 21, 2021, the matter will be fully submitted and ready for the court’s review and determination.

Tax Certiorari Claims. Certain property owners have filed certiorari petitions under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions for one or more years and, in most cases, a refund of property taxes previously paid. During the past five fiscal years, the Village has paid tax certiorari refunds as follows: 2015-2016- $4,168; 2016-2017 $114,238; 2017-2018, $71,140; 2018-2019 - $70,112; 2019-2020 - $149,051; and projected for 2020-2021 - $575,000-$600,000. It is difficult to predict at this time the outcome of the many current cases pending. However, pursuant to State Law, the Village has the option, and is authorized to issue debt to pay certiorari refunds should the amount of such funds exceed the amount budgeted and/or reserved. It is anticipated that the Village will issue debt to fund the currently projected tax certiorari refunds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds Obligations is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds Obligations. The Village has covenanted to comply with certain restrictions designed to insure that interest on the Bonds Obligations will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds Obligations being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds Obligations may adversely affect the value of, or the tax status of interest on, the Bonds Obligations. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds Obligations.

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

Although Bond Counsel is of the opinion that interest on the Bonds Obligations is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds Obligations may otherwise affect a owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds Obligations to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds Obligations.

Prospective purchasers of the Bonds Obligations should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated February 4, 2021 of the Village relating to the Bonds under the headings "The Village", "Financial Factors", "Tax Information", "Village Indebtedness", "Litigation", and Appendices (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending May 31, 2021 such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of 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;

(2) in a timely manner not in excess of ten business days, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) 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 Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Village; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, 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; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a Financial Obligation (as defined in the Rule) of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Village, any of which affect Bond holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Village, any of which reflect financial difficulties.

Event (iii) is included pursuant to a letter for the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (iv) the Village does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

With respect to event (xii) 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 Village 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 Village, 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 Village.

With respect to events (xv) and (xvi) above, the term “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into with, or pledged as as security or source o payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Village may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the Village does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

(3) in a timely manner, to EMMA, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Village reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village‘s obligations under its continuing disclosure undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Village reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Village; provided that, the Village agrees that any such modification will be done in a manner consistent with the Rule.

An undertaking to provide continuing disclosure as described above shall be provided to the Underwriter at the closing.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Village in connection with this transaction.

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. 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 Village to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the Village. 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.

RATING

The Village has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. Such rating is pending at this time.

The Village's underlying rating by Moody's is "Aa3".

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will 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 the Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the Treasurer of the Village, Anthony Siligato, 222 Church Street, Port Chester, New York 10573, (914) 939-5205, e-mail: asiligato@portchesterny.gov or from the Village's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, (516) 570-0340 and is also available at www.capmark.org.

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 Village and the original purchasers or holders of any of the Bonds.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Village management's beliefs as well as assumptions made by, and information currently available to the Village's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Village's files with the MSRB. When used in Village documents or oral presentations, the words "anticipate," "believe," "intend," "plan," "foresee," "likely," "estimate," "expect," "objective," "projection," "forecast," "goal," "will," or "should," or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Village, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the Village will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Village, as to which no representation can be made.

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 Village nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Village 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 Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Bonds by the Village and may not be reproduced or used in whole or in part for any other purpose.

VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK

By: /s/______________________________
Anthony Siligato
Treasurer and Chief Fiscal Officer

DATED: February __, 2021

<u>APPENDIX A</u>

THE VILLAGE

THE VILLAGE

General Information

The Village was incorporated as a municipal government pursuant to a Charter enacted by the State Legislature in 1868. The Village is vested with such powers and has the responsibilities inherent in the operation of municipal government including the adoption of rules and regulations to govern its affairs; the ability to tax real property situated in its boundaries and incur debt subject to the provisions of the State's Local Finance Law. There is one independent public school district (Port Chester-Rye U.F.S.D.) situated in the Village that possesses the same powers as the Village with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town of Rye and the County to support programs conducted by these governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution, the Village Charter, and various statutes affecting village governments including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law and the County Tax Code. Real property taxes are levied and become a lien on June 1. By law, the Town of Rye (the "Town") bills, collects and enforces real property taxes and assessments for the Village. By agreement, and in consideration of a payment of 0.5%, the Town makes the Village whole for the full amount of its unpaid taxes within 60 days of the end of the current fiscal year. Thus, the Village receives 100% of its real property tax levy for each fiscal year.

Form of Government

The Board of Trustees of the Village (the "Board") is the governing body of the Village and consists of six trustees elected at large, with staggered terms and to serve a three-year term, plus the Mayor. Trustees may be elected to an unlimited number of terms. It is the responsibility of the Board to enact resolutions and local laws. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The original issuance of all Village indebtedness is subject to approval by the Board.

The Mayor is the chief elected official of the Village and is elected for a two-year term of office with the right to succeed himself. In addition, the Mayor is a full member of and the presiding officer of the Board.

The Village Board also appoints a Village Manager who is the chief administrative officer of the Village (with executive functions not specifically assigned to the Mayor) responsible for managing daily operations of the Village, a Village Treasurer and a Village Clerk.

The responsibilities of the Clerk are many and varied. The Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board, and is clerk to the Board and each board and commission and keeps the records of their proceedings. The Village Clerk is also responsible for maintaining the Village Code.

The Village Treasurer is the chief fiscal officer of the Village. Duties include: maintaining the Village's accounting systems and records, which includes the responsibility to prepare and file an annual financial report with the State Comptroller, custody and investment of Village funds, and debt management.

Services

The Village provides its residents with many of the services traditionally provided by village governments. In addition, the Town and County furnish certain other services. A list of these services provided by the Village are as follows: police protection and law enforcement; fire protection; sewage collection services; refuse collection and incineration; highway and public facilities maintenance; a local justice court that is responsible for enforcing provisions of the State's Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. Ambulance service is furnished through contract and also by a volunteer ambulance company.

Pursuant to State law, the County is responsible for funding and providing various social service and health care programs such as Medicaid, aid to families with dependent children, home relief and mental health programs. The County is also responsible for certain sewer services for which special purpose districts have been established. In addition, the County operates a two-year community college which offers associate degrees in various fields of study.

Employees

The Village provides services through approximately 215 full-time and part-time employees. The following table shows employee representation by collective bargaining agent and the date of expiration of their respective collective bargaining agreements.

Employees Represented	Bargaining Agent	Contract Expiration Date
61	Port Chester Police Benevolent Association	05-31-21
78	CSEA Local 1000	05-31-20[1]

(1) Currently under negotiation.

Employee Benefits

Substantially all employees of the Village are members of the New York State and Local Employees Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS") (ERS and PFRS are referred to collectively hereinafter as the "Retirement System" where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation 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 System offers 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 on or 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 System 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 System. The Retirement System is 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 System, at such time contributions become voluntary. Members hired after on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years 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 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

Police officers and firefighters who are members of PFRS are divided into four 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%.

Beginning July 1, 2013, a voluntary defined contribution plan option was made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn $75,000 or more on an annual basis.

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Village generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2020 for the current year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village does not currently amortize any pension payments.

On August 29, 2019, the State Comptroller announced that for fiscal year 2020-21, the average contribution rates for ERS will remain the same and the average contribution rates for PFRS will increase 0.9% from 23.5% to 24.4% when compared to the current fiscal year 2019-20. 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

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The Village does not plan to use the SCO.

ERS and PFRS Contributions. The current retirement expenditures presented in the Village's financial statements for each of the last five years, and the amounts budgeted for the most recent fiscal year are shown in the following table:

Fiscal Year	ERS	PFRS
2016	$1,071,230	$1,794,850
2017	985,274	1,888,608
2018	1,015,824	1,980,560
2019	1,039,600	1,857,329
2020 (Draft)	1,075,830	1,923,031
2021 (Budget)	1,170,000	2,075,000

Other Postemployment Benefits

For fiscal years beginning after June 15, 2017, the Village is subject to GASB Statement No. 75 ("GASB 75") which replaces GASB 45. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and OPEB. GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement NO. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The Village's total OPEB liability as of May 31, 2020 was $114,183,154 using a discount rate of 2.63% and actuarial assumptions and other inputs as described in the Village's actuarial report.

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 Village will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced from time-to-time to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. Such proposed legislation would generally 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 such proposed legislation, there would be no limits on how much a local government can deposit into the trust. The Village cannot predict whether any such legislation will be enacted into law in the foreseeable future

FINANCIAL FACTORS

Budgetary Procedure

The head of each administrative unit of the Village is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the Budget Officer (the Village Manager) on or before March 1st of each year. After reviewing these estimates, the Budget Officer prepares a tentative budget which includes his recommendations. The tentative budget is filed with the Village Clerk not later than March 20th. Subsequently, the Village Clerk presents the tentative budget to the Board at a regular or special meeting. The Village typically conducts public workshops with each department regarding its portion of the tentative budget. A public hearing on the tentative budget, notice of which must be given at least five (5) days prior to the hearing, must be held not later than April 15th. After the public hearing, the Board may make further changes, revisions and alterations to the tentative budget. The Board must adopt the tentative budget as submitted or amended by May 1st, at which time the tentative budget becomes the annual budget of the Village for the ensuing fiscal year. Budgetary control is the responsibility of the Village Treasurer.

Failure to adopt a budget on or before May 1st results in the tentative budget with any changes, alterations or revisions constituting the budget for the ensuing fiscal year.

Independent Audits

The Village retained the firm of Drescher & Malecki LLP, Certified Public Accountants, to audit its draft financial statements for the fiscal year ended May 31, 2020. Appendix B, attached hereto, presents excerpts from the Village's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal audit.

In addition, the Village is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See "The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews" herein.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the Village has an investment policy applicable to the investment of all moneys and financial resources of the Village. The responsibility for the investment program has been delegated by the Board to the Chief Financial Officer who was required to establish written operating procedures consistent with the Village's investment policy guidelines. According to the investment policy of the Village, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The Village has designated three banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Village is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Village is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Village include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Village (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Village, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Village may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Village, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse repurchase agreements are not allowed under State law.

Collateral Requirements. All Village deposits in excess of the applicable insurance coverage provided by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the "eligible securities," "eligible surety bonds" or "eligible letter of credit" as described in the Law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The Village's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Village must be delivered, in a form suitable for transfer or with an assignment in blank, to the Village or its designated custodial bank. The custodial agreements used by the Village provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter or credit may be issued, in favor of the Village, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the Village in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Impacts of COVID-19

The Village relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. (See "*State Aid*" herein). Should the Village fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The Village has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to personal protection equipment, technology and staffing and building access security. The Village has paid such costs from budgetary appropriations and/or available funds. The Village has also incurred losses of revenue associated with the COVID-19 pandemic for parking meter fees, justice court fees and departmental income for service reductions. The Village's State Aid for the 2020 fiscal year was not reduced. In the Village's 2021 Adopted Budget, State aid revenues are estimated to be approximately 9.9% less than the prior year. The Village does not believe that the increased costs or the potential reductions in State aid described above will have a material adverse impact on the finances of the Village.

Revenues

The Village derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2016-2019 and draft 2020 is presented in Appendix B, hereto. Information for said fiscal year has been excerpted from the Village's audited financial reports, however, such presentation has not been audited.

Property Taxes. The Village derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B.) Property taxes accounted for 62.1% of total general fund and other governmental funds revenues for the fiscal year ended May 31, 2020.

The following table sets forth total general fund revenues and real property taxes received for each of the past five audited fiscal years, and the amount budgeted for the current fiscal year.

Fund Revenues & Real Property Taxes[1]

Fiscal Year Ended May 31:	Total Revenues	Real Property Taxes	Taxes to Revenues
2016	$37,455,258	$22,956,142	61.3%
2017	37,731,508	22,955,545	61.0
2018	40,102,872	24,062,753	60.0
2019	42,437,001	25,713,715	60.6
2020	43,937,422	27,277,616	62.1
2021 (Adopted Budget)	43,981,352	28,250,871	64.2

(1) General Fund.

Source: Audited Financial Statements and Adopted Budget of the Village. Summary itself not audited.

State Aid

The Village receives financial assistance from the State. State Aid accounted for approximately 1.8% of the total general fund revenues of the Village in the 2020 fiscal year.

A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Information about the State's finances is available on the website maintained by the New York State Division of the Budget at www.budget.ny.gov. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the current or future fiscal years. In view of the State's continuing budget problems, State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse affect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also *"Market Factors Affecting Financings of the State and Municipalities of the State"* herein.)

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, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020, the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four-year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a $14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of $63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The amount of State aid to municipalities, including the Village, and school districts in the State is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has 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. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Village.

Should the Village 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 Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth total general fund revenues and State aid revenues received for each of the past five audited fiscal years, and the amount budgeted for the current fiscal year.

Fund Revenues & State Aid Revenues (1)

Fiscal Year Ended May 31:	Total Revenues	State Aid	State Aid to Revenues
2016	$37,455,258	$808,017	2.2%
2017	37,731,508	825,066	2.2
2018	40,102,872	785,738	2.0
2019	42,437,001	855,326	2.0
2020	43,937,422	770,469	1.8
2021 (Adopted Budget)	43,981,352	787,603	1.8

(1) General Fund.

Source: Audited Financial Statements and Adopted Budget of the Village. Summary itself not audited.

Sales Tax. The Village receives a share of the County sales tax. The County presently imposes a 1 ½% County-wide sales and use tax on all retail sales. Additionally, the State, effective May 1, 2005, imposes a 4% State sales tax and a 3/8% sales tax levied in the Metropolitan Transportation Authority District. The cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2½% in the Cities of White Plains, Mount Vernon, New Rochelle, and Yonkers. The Cities of Rye and Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have imposed sales taxes (50%)

In February of 2004, the State Legislature authorized an increase of ½% to the additional 1% 1991 sales tax. The County retains 70% of this amount, the municipalities 20% and the school districts 10%. This increase became effective March 1, 2004.

In 2019, the County petitioned the State Legislature to authorize a 1% increase to the 3% currently imposed by the County outside of the four cities imposing sales and use taxes. The tax increase was approved and effective as of August 1, 2019. This authorization expires on November 30, 2023. The County retains 70% of the 1% point increase, the municipalities 20% and school districts 10%

The following table sets forth total general fund revenues and sales tax revenues received for each of the past five audited fiscal years, and the amount budgeted for the current fiscal year.

General Fund Revenues & Sales Tax (1)

Fiscal Year Ended May 31:	Total Revenues	Sales Tax	Sales Tax to Revenues
2016	$37,455,258	$4,218,443	11.3%
2017	37,731,505	4,276,667	11.3
2018	40,102,872	4,570,420	11.4
2019	42,437,001	4,682,165	11.0
2020	43,937,422	5,722,812	13.0
2021 (Budget)	43,981,352	5,000,000	11.4

(1) Total revenues are not inclusive of other financing sources.

Source: Audited Financial Statements and Adopted Budget of the Village. The above summary itself is not audited.

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TAX INFORMATION

The Village derives its power to levy an ad valorem real property tax from the State Constitution. The Village is responsible for levying taxes for Village operating purposes and for debt service.

Assessed and Full Valuations

Taxable Assessed and Full Valuations
Fiscal Year Ending May 31:

	2016	2017	2018	2019	2020
Taxable Assessed Valuation	$2,377,321,251	$2,575,609,861	$2,657,484,238	$2,767,553,623	$2,935,809,549
State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	2,377,321,251	2,575,609,861	2,657,484,238	2,767,553,623	2,935,809,549

Tax Collection Procedures

The collection and enforcement of real property taxes is governed by the Real Property Tax Law of the State as well as by the County Tax Code.

The Village is responsible for levying its own real property taxes but the Town collects such taxes on behalf of the Village. Taxes may be paid in two installments on June 1 and December 1. First installment taxes may be paid without penalty at any time during the month of June. There is no penalty for the December installment if that amount is paid prior to January 1. Late payments are assessed a 5% penalty for the first month or fraction thereof and 1% each month thereafter up to a maximum of 12%. The Town enforces delinquent Village real property taxes and remits the full amount of such taxes in June of each year thus insuring that the Village receives 100% of its tax levy for its fiscal years.

Town, County and School District taxes levied against real property in the Village are collected by the Town. The Town must remit the full amount of levy directly to the School District and the County.

The following table sets forth the Village's gross tax levies and the current tax collection record.

Tax Levy and Collection Record

Fiscal Years Ended May 31:	Taxes Levied For Year	Current Taxes Collected	Current Taxes To Levy
2017	$22,993,840	$22,955,545	99.8%
2018	24,091,339	24,062,753	99.9
2019	25,768,096	25,713,715	99.8
2020	27,310,172	27,277,616	99.9
2021(1)	28,250,871	28,247,454	100.0

Note: Uncollected taxes are remitted to the Village by the Town in June of the year subsequent to the levy, thereby making the Village whole.

(1) As of January 22, 2021

Tax Rates

Village Tax Rates Per $1,000 of Assessed Valuation

Fiscal Year Ending May 31:	Village Tax Rate
2016 (H)	$8.61
2016 (NH)	$11.37
2017 (H)	7.74
2017 (NH)	10.84
2018 (H)	8.02
2018 (NH)	10.81
2019 (H)	8.25
2019 (NH)	11.00
2020 (H)	8.45
2020 (NH)	11.58
2021 (H)	8.43
2021 (NH)	11.32

H=Homestead; NH=Non-Homestead.

Property Tax Limit

In accordance with Article 8, Section 10 of the State Constitution, the amount of real property taxes that may be raised by the Village in any fiscal year is limited to two per centum (2%) of the five-year average full valuation of the taxable real estate of the Village plus: (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The following table shows the Constitutional tax margin of the Village for the current fiscal year ended May 31, 2021.

Constitutional Tax Margin
For Fiscal Year 2020-2021

Average Full Valuation of Taxable Real Property	$ 2,662,755,704
Constitutional Tax Limit (2% of Average Full Valuation)	53,255,114
Tax Levy	28,250,871
Less Exclusions From Tax Limit:	
Debt Service	5,810,610
Tax Levy Subject to Limit	22,440,261
Tax Margin	30,814,853
Margin/Limit	57.86%

Source: Village officials and Statement of Constitutional Tax Limit for the year ending May 31, 2021.

Ten of the Largest Taxpayers

2020

Name	Property Use	Assessed Valuation	% of Total Assessed Valuation (1)
DPPC Holdings LP	Shopping Center	$69,575,900	2.37
Consolidated Edison	Utility	69,542,382	2.37
WU/ LH 100-110 Midland LLC (2)	Commercial	23,615,000	0.80
Mariner Port Chester (2)	Commercial	23,294,800	0.79
Suez Water Westchester	Utility	22,662,698	0.77
BR RA Port Chester LLC (2)	Commercial	20,000,000	0.68
Castle Port Chester LLC (2)	Commercial	18,824,600	0.64
Longview Owners Inc. (2)	Commercial	17,805,700	0.61
Home Depot USA Inc	Retail	16,000,000	0.54
Westy's Port Chester LP (2)	Commercial	15,432,700	0.53
Total		$296,753,780	10.11%

(1) Total assessed valuation for 2019-20 is $2,935,809,549.
(2) Taxpayer has filed tax certiorari proceeding for one or more years. See "Litigation" herein

Source: Village Assessor's Office.

VILLAGE INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (and other municipalities and certain 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 Village and its obligations.

Purpose and Pledge. Subject to certain enumerated exceptions, the Village shall not give or loan any money or property to or in aid of any individual or private corporation or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Village may contract indebtedness only for a Village 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 within three fiscal year periods, 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 it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Village 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 such required annual installments on its notes.

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Village, subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or 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 rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Tax Services (the "ORPTS"). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the 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 of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Bonds. Further, the New York Constitution prohibits the State Legislature from restricting the power of the Village to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the Village's power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Bonds. See "Legal Matters," "Market Factors," and "Tax Levy Limit Law," herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Village 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 Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Village Board of Trustees, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Board of Trustees.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The Village has complied with such procedure for the validation of the bond resolution adopted in connection with this issuance.

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.

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 more than 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. (See "Payment and Maturity" under "Constitutional Requirements").

In addition, under each bond resolution, the Village Board may delegate the power to issue and sell bonds and notes to the Treasurer, the chief fiscal officer of the Village.

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

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Village, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Village is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See "Constitutional Requirements, Debt Limit," herein). **See "Tax Levy Limit Law" herein.**

The Village determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for Village purposes.

The following table sets forth the Village's debt-contracting limitation.

Computation of Debt Contracting Limitation
As of January 22, 2021

For Fiscal Year Ended May 31:	Assessed Valuations	Equalization Rate (1)	Full Valuations
2016	$2,377,321,251	100.00%	$2,377,321,251
2017	2,575,609,861	100.00	2,575,609,861
2018	2,657,484,238	100.00	2,657,484,238
2019	2,767,553,623	100.00	2,767,553,623
2020	2,935,809,549	100.00	2,935,809,549
Total Five-Year Full Valuation			13,313,778,522
Five-Year Average Full Valuation			2,662,755,704
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			186,392,899

(1) ORPTS

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Statutory Debt Limit and Net Indebtedness

The following table presents the debt-incurring power of the Village and shows that the Village is within its constitutional debt limit.

Statutory Debt Limit and Net Indebtedness
As of January 22, 2021

	Amount	Percentage
Debt Contracting Limitation	$186,392,899	100.00%
Gross Indebtedness:		
Serial Bonds	39,925,000	21.42
Bond Anticipation Notes	4,958,000	2.66
Total Gross Debt	44,883,000	24.08
Less:		
Current Unexpended Appropriations for Principal Debt Service (Non-Exempt)	2,455,000	1.32
Net Indebtedness	42,428,000	22.76
Debt-Contracting Margin	$143,964,899	77.24%

Bond Anticipation Notes

The Village currently has $4,958,000 bond anticipation notes outstanding which mature on February 19, 2021 and will be redeemed in full with proceeds from the sale of the Bonds, along with available funds.

Date of Authorization	Original Issue Date	Purpose	Amount Outstanding
05/21/18	02/20/19	Bulkhead Improvements	$4,958,000
			$4,958,000

Tax and Revenue Anticipation Notes

The Village's cash flow has been sufficient to meet its operating requirements; accordingly, the Village has not required the issuance of revenue anticipation notes or tax anticipation notes in recent years and does not intend to going forward.

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Trend of Capital Debt

Debt History

Fiscal Year Ended May 31:	Bonds	Bond Anticipation Notes	Total
2016	$25,570,000	$11,425,370	$36,995,370
2017	37,210,370	5,998,400	43,208,770
2018	43,927,744	1,500,377	45,428,121
2019	46,487,877	4,958,000	51,445,877
2020	42,035,000	4,958,000	47,020,000

New York State Environmental Facilities Authority

The Village currently has short term 0% hardship financing through the New York State Environmental Facilities Authority ("EFC"). The short-term financing will be converted to long-term debt through EFC in the amount of $4,047,576 on February 11, 2021.

Overlapping and Underlying Debt

Statement of Direct and Overlapping Indebtedness

Gross Direct Indebtedness	$44,883,000
Exclusions and Deductions	2,455,000
Net Direct Indebtedness	$42,428,000

Overlapping Units	Date of Report	Net Overlapping Debt	Percentage Applicable	Applicable Net Overlapping Debt
Westchester County	12/23/20	$1,243,911,019	1.53%	$19,031,839
Town of Rye	09/14/20	13,490,000	38.66	5,215,234
Port Chester-Rye UFSD	05/20/20	87,344,027	80.12	69,980,034
Total				$94,227,107

Debt Ratios

The following table presents certain debt ratios relating to the Village's Indebtedness.

Direct and Overlapping Debt Ratios

	Amount	Debt Per Capita (1)	Debt to Estimated Full Value (2)
Net Direct Debt	$42,428,000	$1,455	1.45%
Net Direct & Overlapping Debt	136,655,107	4,686	4.65

(1) The population of the Village is 29,163 according to 2019 estimated Census information
(2) The full valuation of taxable property for the 2019/20 fiscal year is $2,935,809,549.

Authorized But Unissued Debt

Following the issuance of the Bonds, the Village will have $500,000 in authorized but unissued debt for various capital projects.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Village's outstanding general obligation bonded indebtedness, exclusive of the Bonds and economically defeased obligations.

Schedule of Debt Service Requirements

Ending May 31:	Principal	Interest	Total
2021[1]	$4,565,000	$1,245,610	$5,810,610
2022	4,285,000	1,113,211	5,398,211
2023	4,125,000	987,263	5,112,263
2024	3,745,000	866,054	4,611,054
2025	3,855,000	748,593	4,603,593
2026	2,950,000	643,575	3,593,575
2027	2,315,000	558,788	2,873,788
2028	2,165,000	493,593	2,658,593
2029	1,735,000	429,833	2,164,833
2030	1,790,000	380,643	2,170,643
2031	1,830,000	329,883	2,159,883
2032	1,115,000	277,983	1,392,983
2033	1,145,000	244,364	1,389,364
2034	1,185,000	209,664	1,394,664
2035	875,000	173,751	1,048,751
2036	905,000	146,826	1,051,826
2037	925,000	118,158	1,043,158
2038	265,000	88,533	353,533
2039	275,000	79,383	354,383
2040	280,000	69,863	349,863
2041	290,000	60,063	350,063
2042	295,000	51,938	346,938
2043	305,000	43,638	348,638
2044	275,000	32,038	307,038
2045	125,000	21,600	146,600
2046	130,000	16,600	146,600
2047	140,000	11,400	151,400
2048	145,000	5,800	150,800
	$42,035,000	$9,448,648	$51,483,648

(1) For the entire fiscal year.

ECONOMIC AND DEMOGRAPHIC DATA

The Village is located on the Long Island Sound approximately 15 miles from New York City in the Town of Rye. The land area of the Village is approximately 2.5 square miles.

The Village is largely a suburban community, about two-thirds residential and one third commercial and industrial in nature. The Village enjoys substantial waterfront facilities along the Long Island Sound.

Population

Population

				% Change	
	2000	2010	2019	2000-2010	2010-2019
Village	27,867	28,967	29,163	3.9%	0.7%
Town	43,880	45,928	46,425	4.7	1.1
County	923,459	949,113	967,506	2.8	1.9
State	18,976,457	19,378,102	19,458,561	2.1	0.4

Source: U.S. Department of Commerce, Bureau of the Census.

Income

Per Capita Money Income

	2010	2018	% Change
Village	$26,744	$29,885	11.7%
Town	39,563	43,748	10.6
County	47,814	54,572	14.1
State	30,948	37,470	21.1

Source: U.S. Department of Commerce, Bureau of the Census (American FactFinder). American Community Survey 5-Year Estimate.

Employment

Average Employed Civilian Labor Force
2000 - 2019

				% Change	
	2000	2010	2019	2000-2010	2010-2019
Village	13,800	15,600	16,800	13.0%	7.7%
Town	21,800	23,400	25,200	7.3	7.7
County	445,400	443,500	484,400	(0.4)	9.2
State	8,718,700	8,769,700	9,514,400	0.6	8.5

Source: New York State Department of Labor.

Average Unemployment Rates

Year	Village	Town	County	State	United States
2013	4.9%	5.0%	6.3%	7.7%	6.5%
2014	4.1	4.1	5.1	6.3	5.4
2015	3.8	3.8	4.5	5.3	4.8
2016	3.4	3.5	4.3	4.9	4.5
2017	3.6	3.6	4.5	4.7	3.9
2018	3.2	3.2	3.9	4.1	3.7
2019	3.1	3.1	3.8	4.0	3.7

Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

Major Private Sector Employers in the County

Name of Business	Nature of The Business
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and health care services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
Pace University	Private co-educational university
White Plains Hospital	Hospital and health care services
St. John’s Riverside Hospital	Hospital and health care services

Source: Info was compiled by the Westchester Business Journal as of April 2018.

END OF APPENDIX A

APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

VILLAGE OF PORT CHESTER
BALANCE SHEET
GENERAL FUND
UNAUDITED PRESENTATION

	AS OF MAY 31:				
	2016	2017	2018	2019	2020
ASSETS					
Cash and Cash Equivalents	$ 7,053,166	$ 6,183,445	$ 4,978,982	$ 5,791,354	6,577,945
Receivables	765,909	885,719	930,895	1,020,938	754,745
Due From Other Funds	222,093	6,217	6,725	37,784	4,204
Intergovernmental Receivables	1,648,410	1,825,840	1,928,525	1,971,085	2,016,610
Prepaid Items	447,018	473,969	1,689,909	504,689	75,865
Total Assets	$ 10,136,596	$ 9,375,190	$ 9,535,036	$ 9,325,850	9,429,369
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 710,838	$ 884,338	$ 967,317	$ 750,769	978,673
Accrued Liabilities	765,121	657,343	1,194,601	1,004,657	889,258
Intergovernmental Payables	470,942	500,698	492,896	493,196	540,386
Due To Retirement Systems	0	0	0	0	0
Due To Other Funds	265,170	22,670	4,007	406,468	86,368
Unearned Revenues	274,790	234,471	260,309	325,394	195,319
Total Liabilities	2,486,861	2,299,520	2,919,130	2,980,484	2,690,004
Fund Balance:					
Nonspendable	447,018	473,969	1,689,909	504,689	75,865
Restricted	1,788,796	1,735,067	1,640,126	1,016,596	816,073
Committed	272,421	345,899	657,235	264,619	158,145
Assigned	0	0	0	0	400,000
Unassigned	5,141,500	4,520,735	2,628,636	4,559,462	5,289,282
Total Fund Balance	7,649,735	7,075,670	6,615,906	6,345,366	6,739,365
Total Liabilities and Fund Balance	$ 10,136,596	$ 9,375,190	$ 9,535,036	$ 9,325,850	9,429,369

The financial data presented on this page has been excerpted from the audited financial statements of the Village
Such presentation, however, has not been audited.
Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF PORT CHESTER
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND
UNAUDITED PRESENTATION

AS OF FISCAL YEAR END MAY 31:

	2016	2017	2018	2019	2020
REVENUES:					
Real Property Taxes	$ 22,956,142	$ 22,955,545	$ 24,062,753	$ 25,713,715	27,277,616
Real Property Tax Items	976,250	1,017,392	954,447	1,080,889	1,124,144
Non-Property Taxes	5,190,878	5,236,719	5,546,627	5,666,218	6,647,933
Departmental Income	4,245,827	4,141,470	4,096,443	4,724,142	3,901,208
Charges for Services	0	0	0	0	0
Use Of Money And Property	288,326	285,127	293,939	307,382	425,526
Licenses And Permits	362,643	279,979	446,208	558,904	549,276
Fines and Forfeitures	2,353,009	2,470,005	3,035,084	2,902,778	2,447,690
Sale Of Property And Compensation For Loss	0	0	0	0	0
Interfund Revenues	0	0	0	0	0
State Aid	808,017	825,066	785,738	855,326	770,469
Federal Aid	128,328	111,989	124,552	92,433	137,945
Miscellaneous	145,838	408,216	757,081	535,214	655,615
Total Revenues	37,455,258	37,731,508	40,102,872	42,437,001	43,937,422
EXPENDITURES:					
Current:					
General Government Support	5,691,985	6,317,450	6,619,644	7,421,872	7,083,058
Public Safety	12,041,855	11,619,465	12,380,542	12,263,592	12,484,813
Health	261,723	261,723	261,723	267,177	280,538
Transportation	1,572,580	1,734,800	1,687,357	1,843,513	1,680,763
Economic Assistance And Development	385,192	423,609	405,757	448,646	460,298
Culture And Recreation	2,044,279	2,085,939	2,156,653	2,247,226	2,202,341
Home And Community Services	2,306,355	2,409,183	2,462,720	2,762,077	2,685,651
Employee Benefits	10,016,756	10,528,479	11,237,723	11,446,477	11,509,176
Debt Service	3,681,739	3,871,799	4,868,753	5,570,405	6,162,978
Total Expenditures	38,002,464	39,252,447	42,080,872	44,270,985	44,549,616
Excess of Revenues Over Expenditures	(547,206)	(1,520,939)	(1,978,000)	(1,833,984)	(612,194)
OTHER FINANCING SOURCES (USES):					
Proceeds of Obligations					
Transfers - In	1,273,592	1,113,474	1,861,836	1,858,616	1,330,593
Transfers - Out (a)	(707,000)	(166,600)	(343,600)	(295,172)	(324,400)
Total Other Financing Sources (Uses)	566,592	946,874	1,518,236	1,563,444	1,006,193
Net Change in Fund Balance	19,386	(574,065)	(459,764)	(270,540)	393,999
Fund Balances - Beginning of Year	7,630,349	7,649,735	7,075,670	6,615,906	6,345,366
Fund Balances - End of Year	$ 7,649,735	$ 7,075,670	$ 6,615,906	$ 6,345,366	6,739,365

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VILLAGE OF PORT CHESTER
FINAL ADOPTED BUDGETS
GENERAL FUND

		FY Ended May 31, 2020	FY Ended May 31, 2021
ESTIMATED REVENUES:			
Real Property Taxes	$	27,310,172	28,250,871
Other Tax Items		1,056,297	786,599
Non-Property Tax Items		5,897,060	5,978,500
Departmental Income		3,050,415	2,835,300
Intergovernmental Charges		723,950	733,500
Use Of Money and Property		422,555	482,650
Licenses And Permits		936,080	1,063,435
Fines and Forfeitures		2,860,000	2,750,000
Sale Of Property and Compensation For Loss		233,000	165,000
Miscellaneous		2,900	2,500
State Aid		845,603	787,603
Federal Aid		151,394	145,394
Total Estimated Revenues		43,489,426	43,981,352
APPROPRIATIONS			
Fund Balance		0	400,000
W.C Reserves		200,000	100,000
Debt Reserves		25,000	0
Total Estimated Revenues And Appropriated Fund Balance		43,714,426	44,481,352
APPROPRIATIONS:			
Current:			
General Government Support		7,179,429	7,958,319
Public Safety		12,560,029	12,130,045
Health		274,813	288,554
Transportation		1,816,910	1,998,464
Economic Opportunity And Development		457,025	442,649
Culture and Recreation		2,353,577	1,746,051
Home and Community Services		2,643,110	2,630,056
Employee Benefits		11,756,260	11,983,315
Debt Service		6,281,691	6,823,570
Total Appropriations		45,322,844	46,001,023
Excess of Revenues Over Expenditures		(1,608,418)	(1,519,671)
OTHER FINANCING SOURCES (USES):			
Proceeds From Obligations		0	
Operating Transfers - In		1,633,418	1,519,671
Operating Transfers - Out		(25,000)	0
Total Other Financing Sources (Uses)		1,608,418	1,519,671
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$	0	0

APPENDIX C

LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2020

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/P31502362.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 Village 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 BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

Village of Port Chester, February 18, 2021
County of Westchester,
State of New York

Re: Village of Port Chester, Westchester County, New York, $14,453,425 Public Improvement (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $14,453,425 Public Improvement (Serial) Bonds, 2021 (the "Obligations"), of the Village of Port Chester, Westchester County, New York (the "Obligor"), dated February 18, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____________________ hundredths per centum (_______%) per annum as to bonds maturing in each of the years 20____ to 20_______, both inclusive, payable on February 15, 2022 and semi-annually thereafter on August 15 and February 15, and maturing in the amount of $______________ on February 15, 2022, $______________ on February 15, 2023, $______________ on February 15, 2024, $______________ on February 15, 2025, $______________ on February 15, 2026, $______________ on February 15, 2027, $______________ on February 15, 2028, $______________ on February 15, 2029, $______________ on February 15, 2030, $______________ on February 15, 2031, $______________ on February 15, 2032, $______________ on February 15, 2033, $______________ on February 15, 2034, $______________ on February 15, 2035, $______________ on February 15, 2036, $______________ on February 15, 2037, $______________ on February 15, 2038, $______________ on February 15, 2039, $______________ on February 15, 2040 and $______________ on February 15, 2041.

Obligations maturing on or before February 15, 2029 are not subject to redemption prior to maturity. Obligations maturing on or after February 15, 2030 are subject to redemption prior to maturity, at the option of the Obligor on February 15, 2029 and thereafter on any date, 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 a price equal to the par principal amount, plus accrued interest to the date of redemption.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause

interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/S/ORRICK, HERRINGTON & SUTCLIFFE LLP