

SUPPLEMENTAL PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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 Notes 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 Notes 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 Notes 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 Notes. See "Tax Matters" herein.

*The Notes **will be** "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.*

TOWN OF EAST FISHKILL DUTCHESS COUNTY, NEW YORK

\$3,425,770

BOND ANTICIPATION NOTES, 2018 SERIES A (the "Notes")

Date of Issue: December 17, 2018

Maturity Date: December 17, 2019

The Notes are general obligations of the Town of East Fishkill, Dutchess County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to applicable statutory limitations imposed by Chapter 97 of the Laws of 2011 (the "Tax Levy Limitation Law"). See "**Nature of Obligation**" and "**Tax Levy Limitation Law,**" herein.

The Notes are not subject to optional redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) certificated registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rates(s). Principal of and interest on such Notes will be payable in federal funds by the Town to the registered owner(s).

If the Notes are issued in book-entry-only form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$5,770. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate(s). Principal of and interest on said Notes will be paid in federal funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein.)

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser(s) on or about December 17, 2018.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN 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 NOTES. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DEFINED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

DATED: NOVEMBER 30, 2018

**TOWN OF EAST FISHKILL
DUTCHESS COUNTY, NEW YORK**

**Nicholas D'Alessandro
Supervisor**

TOWN BOARD

Peter Cassidy..... Deputy Supervisor

Anil Beephan Board Member

Tom Franco..... Board Member

Emanuele Marinaro..... Board Member

Carol Hurray Town Clerk

Mark Pozniak..... Comptroller

Thomas Wood, Esq..... Town Attorney

INDEPENDENT AUDITORS

**Sickler, Torchia, Allen & Churchill, CPA's PC
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**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
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No person has been authorized by the Town of East Fishkill to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized. 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 Notes 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 Town of East Fishkill since the date hereof.

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OFFICIAL STATEMENT
TOWN OF EAST FISHKILL
DUTCHESS COUNTY, NEW YORK

relating to
\$3,425,770
BOND ANTICIPATION NOTES, 2018 SERIES A
(the “Notes”)

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of East Fishkill in the County of Dutchess, State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of \$3,425,770 Bond Anticipation Notes, 2018 Series A (the “Notes”).

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

THE NOTES

Description

The Notes will be dated and will mature as reflected on the cover page hereof.

The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co, as the partnership nominee for DTC. The Town will act as Paying Agent for the Notes. The Town contact information is as follows: Mark Pozniak, Comptroller, 330 Route 376, Hopewell Junction, NY 12533, (845) 226-2634, pozniakm@eastfishkillny.org.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York and other proceedings and determinations relating thereto, including bond resolutions of the Town Board adopted on various dates as specified below. Proceeds of the Notes, and \$84,230 of cash on hand, will be used to redeem the \$3,285,000 Bond Anticipation Notes, 2017 Series A maturing December 18, 2018 and provide \$225,000 of new money as detailed below.

<u>Date Authorized</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount of the Notes</u>
5/26/16	12/29/16	John Jay Sewer/Route 52 Sewer Imp. Area	\$1,200,000	\$30,770	\$ 0	\$1,169,230
5/26/16	12/29/16	Cannon Well Fields/Town Wide Water Imp.	2,085,000	53,460		2,031,540
			<u>\$3,285,000</u>	<u>\$84,230</u>	<u>\$225,000</u>	<u>\$3,425,770</u>

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes if issued as book-entry-only Notes. Such Notes will be issued as fully-registered notes 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 note certificate will be issued for each note bearing the same rate of interest and CUSIP and deposited with DTC.

DTC 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes 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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes 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 notes within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Notes 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 Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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 TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN 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 NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNERS.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, 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 TOWN 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 PARTICIPANTS 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 NOTES; (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 NOTES.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds of the Town 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 notes or bonds.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations. **See “Tax Levy Limitation Law” herein.**

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 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 Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes 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 Town’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 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 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 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 noteholders 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 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. As amended, the Tax Levy Limitation Law expires on June 15, 2020 unless extended. 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. The Notes when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town 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 Town 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

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 Town may not be enforced by levy and execution against property owned by the Town.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, 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 Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Notes to receive interest and principal from the Town could be adversely affected by the restructuring of the Town'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 Town (including the Notes) 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 Town 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, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

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 Town has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. 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 noteholders, such courts might hold that future events including financial crises 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 Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET FACTORS

The financial and economic condition of the Town as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Town’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 Notes. 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 Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Town will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Town 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 and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. (See “State Aid” herein).

Should the Town fail to receive monies expected from the State in the amounts and at the times expected, the Town 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 Notes should elect to sell a Note 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 Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note 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 Notes and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Notes (See “*Tax Matters*” herein).

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

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware, hardware failures and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

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, for 2017 data, of the State Comptroller designates the Town as “No Designation,” with a fiscal score of 24.2% and an environmental score of 44.6%.

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 Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last two audits conducted by OSC were released on June 13, 2014 and August 8, 2014.

The purpose of the June 13, 2014 audit was to review the recreation department's internal controls over cash receipts for the period January 1, 2012 through December 1, 2013. Key findings include:

- The Board has not adopted any policies concerning the collection of cash and Town officials have not provided written procedures for Department employees to follow when collecting fees for recreational programs.
- Department staff does not consistently issue duplicate receipts for cash that is collected.
- Deposit slips were not sufficiently detailed.

The purpose of the August 8, 2014 was to review the financial condition of the Town's sewer fund for the period January 1, 2012 through December 19, 2013. Key findings include:

- The Board did not effectively monitor the budgets throughout the year and did not require the Town Comptroller to present accurate and reliable financial information on a regular basis. As a result, the sewer fund's financial condition has deteriorated in recent years.
- Town officials did not adopt realistic budgets based on historical or known trends for the Town's three sewer districts.
- Town officials did not revise the sewer rent charges from 2009 through 2013 although two of the sewer districts had repeated operating deficits.
- The Town funded the sewer fund's deficits with interfund advances from the general fund, which has a different tax base from the sewer fund. As of the end of fiscal year 2013, the sewer fund owed the general fund \$406,579. The general fund's subsidizing of the sewer fund creates a taxpayer inequity, as general fund taxpayers are paying for sewer services that they did not receive.

The complete reports can be obtained from OSC's website. Reference to this website implies no warranty of accuracy of information therein.

LITIGATION

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

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 and, in most actions, a refund of property taxes previously paid. According to the Town, the expected liability for currently filed claims, if any, is not substantial and settlement of these claims will not have a significant financial impact on the Town.

There is no action, suit proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

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 Notes 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 or any political subdivision thereof (including The City of New York). Bond

Counsel is of the further opinion that interest on the Notes 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 Notes. The Town has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. 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 Notes.

Certain 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 Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from 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 Notes may otherwise affect an 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 Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, certain legislative proposals in recent years have been made that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. 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 Notes. Prospective purchasers of the Notes 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 Notes 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

This Official Statement is in a form "deemed final" by the Town for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Town will provide an executed copy of its "Undertaking to Provide Notices of Certain Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(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 Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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" of the Town, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Town, if any such event reflects financial difficulties.

Event (iii) is included pursuant to a letter from 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 Notes.

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

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 Town 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 Town, 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 Town.

The Town 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 Notes; but the Town does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Town's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Notes.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12 as then in effect.

Compliance History

The Town did not file its audit for the year December 31, 2014 by the required filing date. A material event notice was filed on February 4, 2016. The audit was subsequently filed.

The Town did self-report under the Municipalities Continuing Disclosure Cooperation Initiative.

The Town adopted Municipal Finance Disclosure and Continuing Disclosure Policies and Procedures to establish processes and controls to: (i) ensure that the financial disclosures that the Town makes are accurate and comply with all applicable federal and state securities laws, and (ii) promote best practices regarding disclosures relating to securities issued by the Town.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, 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 Town 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 Town 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 Town. 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 Notes.

RATING

The Town did not apply for a rating of the Notes. The Notes may be rated at the option and at the cost of the underwriter.

The Town’s underlying rating by Moody’s Investors Service (“Moody’s”) is “A1.”

Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained only from Moody’s at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 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 not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such Notes or the availability of a secondary market for those Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Mark Pozniak, Comptroller, 330 Route 376, Hopewell Junction, NY 12533, (845) 226-2634, pozniakm@eastfishkillny.org, or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82-Suite 310, Hopewell Junction, New York 12569, (845) 227-8678.

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 Town’s management’s beliefs as well as assumptions made by, and information currently available to the Town’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 Town’s files with the MSRB. When used in Town 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 Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Notes, 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 Notes, the Town 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 Town, 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 Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

TOWN OF EAST FISHKILL,
DUTCHESS COUNTY, NEW YORK

By: _____
Nicholas D’Alessandro
Supervisor

DATED: November 30, 2018

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APPENDIX A

THE TOWN

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THE TOWN

General Information

The Town, classified as a First Class Town, encompasses approximately 53.4 square miles within the southwestern part of the County of Dutchess, New York, and does not include any incorporated villages. Population has grown over 60% since 1980 and is currently estimated at 29,282 (2016 U.S. Census estimate). Per capita income in the Town is considerably higher than the averages for both the County and the State as a whole. The Town is a suburban community and primarily residential in nature.

Form of Government

The Town of East Fishkill was established in 1849. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders are portions of four independent school districts. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Town Supervisor, who is the presiding member and chief fiscal officer of the Town, elected for a term of two years. The four other members of the Town Board (Councilpersons) are elected at large to four-year terms. There are no limitations as to the number of terms which may be served.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. The Town Clerk is elected to serve a two-year term; the number of terms is not limited. The Receiver of Taxes, unless otherwise provided by law, has the duty to receive all County and Town taxes, school taxes for two of the four school districts and all assessments that may be levied in the Town. The Receiver of Taxes is elected to a four-year term. Other offices of the Town include: Two Town Justices, each elected to a four-year term; the Highway Superintendent, elected to a two-year term; the Town Comptroller and the Town Attorney who are appointed by and serve at the pleasure of the Town Board.

Services

The Town is responsible for providing most governmental services to its residents.

Water and sewer services are furnished by various water and sewer districts which have been formed within the Town.

Highway construction and maintenance is also a Town function. In addition, recreation is provided and parks maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town Police Department, along with the County Sheriff's Office and the New York State Police, furnish police protection while fire protection is provided for through the three fire districts located in the Town. Education is the responsibility of the four independent school districts serving the Town. The County of Dutchess provides various social and health services.

Employees

The Town currently employs approximately 100 full-time persons. There are two collective bargaining organizations representing Town employees as follows:

<u>Unit</u>	<u>Membership</u>	<u>Contract Expiration Date</u>
CSEA, Local 1000 AFSCME, AFL-CIO	52	12/31/16 ⁽¹⁾
East Fishkill Police Benevolent Association, Inc.	26	12/31/19

(1) In negotiation.

Employee Benefits

Substantially all employees of the Town 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 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 Town makes its payments in February of each 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 Town does not currently amortize any pension payments.

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-19, the average contribution rates for ERS will decrease from 15.5% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. 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 Town pays its ERS and PFRS contributions on a pay as you go basis and did not and does not expect to participate in the SCO in the foreseeable future.

ERS and PFRS Contributions. ERS and PFRS contributions for each of the past five fiscal years ended December 31 and the amounts budgeted for the two most recent fiscal years are as follows:

Fiscal Year	ERS	PFRS
2013	\$824,242	\$801,441
2014	804,928	907,164
2015	728,106	711,744
2016	633,808	719,836
2017	611,828	790,836
2018 (Budget)	640,000	805,000
2019 (Budget)	646,100	800,000

See “Notes to Financial Statements- Note A-G” in the audited financial statement. Table itself not audited.

Other Postemployment Benefits

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”) requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) is determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Town account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the Town. The Town’s funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund medical benefit obligations. For the 2016 fiscal year the Town contributed \$827,641 and for 2017 the Town contributed \$769,215.

An actuarial valuation of the Town's other postemployment benefits has been completed and the actuary's report issued. The report forms the basis of the information required by GASB 45 to be reported in the Town's entity wide statements for the year ending December 31, 2017. Pursuant to the valuation, the Town's unfunded actuarial accrued liability ("UAAL") was \$48,958,026 as of January 1, 2017 and its ARC was \$5,016,570 (unaudited) as of December 31, 2017. The UAAL and ARC are based on various assumptions including inflation rates for medical cost and earnings discount factors. Actual experience rates could affect the estimates for the UAAL and ARC. Pursuant to GASB 45, the District must update its OPEB valuation every two years. At this time, the Town is continuing to meet this obligation on a pay-as-you-go basis.

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

FINANCIAL FACTORS

Budgetary Procedure

The budget process, including preparation, approval and amendment thereof, is determined by Article 8 of the Town Law. The Town Supervisor is the Town's budget officer and is required by law to file a tentative budget with the Town Clerk on or before March 30 of each year. The tentative budget is submitted to the Town Board not later than October 5; following review and modification, a preliminary budget hearing is held by the 15th of November.

At this hearing, members of the public may express opinions which the Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The Board is required to adopt the final annual budget by November 20. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations subject to legal provisions. The budgets for fiscal 2018 and 2019 may be found under Summary of Adopted Budgets in Appendix B herein.

Independent Audits

The Town retained the firm of Sickler, Torchia, Allen & Churchill, CPA's, PC, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2017. Appendix B, attached hereto, presents excerpts from the Town's most recent audited reports covering the last five years. Appendix C contains a link to the last fiscal year audit available (2016).

Beginning with the fiscal year ending December 31, 2003 the Town was required and has issued its financial statements in accordance with The Government Accounting Standards Board (GASB) Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

In addition, the Town 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.

Certain Information Obtained From Financial Statements

Summary of financial statements for the five years ended December 31, 2013 through December 31, 2017, are presented in Appendix B hereto. However, the presentation of these statements has not been audited. The statements are not considered audited under generally accepted accounting principles in that the notes to the statements and the auditors' report thereon have been omitted.

Summary of Significant Accounting Policies

See “Notes to the Financial Statements,” Note A, as of and for the period ended December 31, 2017.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the Town has an investment policy applicable to the investment of all moneys and financial resources of the Town. The responsibility for complying with the investment program has been delegated by the Town Board to the Comptroller. According to the investment policy of the Town, 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 Town has designated six banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Town 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 Town include: revenue and tax anticipation notes issued by any municipality, school district or Town corporation other than the Town (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 Town but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Town 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 Town, 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 permitted under State law.

Collateral Requirements. All Town 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 Town's security agreements provide that the aggregate market value of pledged securities must equal or exceed of 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 Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank. The custodial agreements used by the Town 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 of credit may be issued, in favor of the Town, 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 Town in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Comptroller. In addition, the Town Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Town Supervisor, delegated to the Comptroller. Town Board authorization is required for all budget modifications. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specified types of bonds. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Revenues

The Town derives its revenues primarily from real property taxes and special assessments, real property tax items, non-property tax items including a share of the County sales tax, State aid (primarily mortgage taxes) and departmental fees and charges. A summary of such audited revenues for the five most recent audited fiscal years, and as budgeted for two most recent fiscal years is presented in Appendix B, hereto.

Property Taxes. The Town derives a major portion of its revenues from a tax on real property. Property taxes accounted for 54.7% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2017.

The following table sets forth total general fund revenues and real property taxes received for the last five fiscal years, and the amounts budgeted for the two most recent fiscal years.

General Fund Revenues & Real Property Taxes⁽¹⁾

Years Ended December 31:	General Fund Revenues	Real Property Taxes ⁽²⁾	Taxes to Revenues
2013	\$11,031,843	\$6,266,739	56.8%
2014	11,123,399	6,525,418	58.7
2015	13,612,673	7,180,113	52.7
2016	12,391,504	6,402,789	51.7
2017	12,641,666	6,915,362	54.7
2018 (Budget)	13,020,960	7,129,966	54.8
2019 (Budget)	13,212,701	7,250,378	54.9

(1) General Fund.

(2) Includes Real Property Tax Items.

Source: Audited Financial Statements and Adopted budgets. Table itself not audited.

State Aid. The Town receives financial assistance from the State. For the fiscal year ended December 31, 2017 approximately 7.9% of the General Fund revenues of the Town was received in the form of State aid (primarily mortgage tax. 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 Town, in any year, the Town 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 Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town during its current fiscal year as well as in the future, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET FACTORS," herein.)

General Fund Revenues & State Aid⁽¹⁾

<u>Years Ended December 31:</u>	<u>General Fund Revenues</u>	<u>State Aid</u>	<u>Taxes to Revenues</u>
2013	\$11,031,843	\$ 964,403	8.7%
2014	11,123,399	863,477	7.8
2015	13,612,673	903,136	6.6
2016	12,391,504	1,075,741	8.7
2017	12,641,666	1,003,219	7.9
2018 (Budget)	13,020,960	1,070,890	8.2
2019 (Budget)	13,212,701	1,223,890	9.3

(1) General Fund.
Source: Audited Financial Statements and Adopted budgets. Table itself not audited.

Sales Taxes. The Town receives a share of the County sales tax. The County currently imposes a local 3.75% sales tax in addition to the 4.25% State tax. Such taxes are collected and administered by the State Tax Commission and the proceeds are paid monthly to the County.

The current 3.75% sales tax is a result of a 0.75% tax rate increase which became effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on March 20, 2007. The additional 0.75% sales tax rate continues and has been extended through November 2019.

The County's 2013 budget capped the amount of sales tax that will be distributed to municipalities in the County to \$25 million for 2013 and future fiscal years. This results in municipalities receiving approximately 85% of the sales tax previously received. To offset the impact to local municipalities, Dutchess County Government absorbed half of the 2011 and 2012 election costs due to be paid to the County and assumed full cost of elections starting in 2013.

The following table sets forth total general fund revenues and real property taxes received for the last five fiscal years, the unaudited amounts for fiscal year ended December 31, 2017 and the amounts budgeted for the two most recent fiscal years.

General Fund Revenues & Sales Tax⁽¹⁾

Years Ended December 31:	General Fund Revenues	Sales Tax	Sales Tax To Revenues
2013	\$11,031,843	\$1,237,621	11.2%
2014	11,123,399	1,471,963	13.2
2015	13,612,673	1,488,232	10.9
2016	12,391,504	1,548,494	14.4
2017	12,641,666	1,623,047	12.8
2018 (Budget)	13,020,960	1,595,000	12.3
2019 (Budget)	13,212,701	1,650,000	12.5

(1) General Fund.
Source: Audited Financial Statements and Adopted budgets. Table itself not audited.

REAL PROPERTY TAXES

Assessed and Full Valuations

The Town derives the largest portion of its annual revenues through ad valorem real property taxes and special assessment taxes. The following table shows the trend during the last four fiscal years and the current fiscal year for taxable assessed valuations, state equalization rates, full valuations, real property taxes, special assessments and real property tax rates per \$1,000 assessed valuation.

Fiscal year:	2014	2015	2016	2017	2018
Taxable Value	\$3,565,724,332	\$3,580,842,230	\$3,866,843,131	\$3,887,803,606	\$3,908,993,390
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Value	3,565,724,332	3,580,842,230	3,866,843,131	\$3,887,803,606	\$3,908,993,390
Town Tax Levy:					
General & Highway	10,320,841	10,722,777	11,438,270	12,050,058	12,539,390
Fire District	3,063,770	3,074,967	3,014,043	3,165,002	3,245,108
Library District	788,076	807,494	867,588	908,301	931,301
Special District ⁽¹⁾	1,768,744	1,764,305	1,769,285	1,737,123	1,632,608
Amount Uncollected ⁽²⁾	None	None	None	None	None
Tax Rate - General & Highway:	\$2.89	\$2.99	\$2.96	\$3.10	\$3.21

(1) Includes Water, Sewer, Lighting, Park, Drainage and Sidewalk.
(2) See Tax Collection Procedures below.

Source: Office of the Town Supervisor and the ORPTS.

Tax Collection Procedures

Taxes are levied in January. No penalty is imposed on payments made by February 28th. Penalties on delinquent taxes paid subsequent to February 28th are imposed as follows: 2% on payments made from March 1st to March 31st, 3% per month on payments made from April 1st to April 30th and 4% per month on payments made during May. Unpaid tax bills are returned to the Dutchess County Commissioner of Finance in June. At such time, the Town retains the total amount of Town, Highway and Special District levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for ultimate collection and enforcement of delinquent taxes and holds annual tax sales. The Town is thus assured of 100% property tax collection.

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the ten largest taxpayers in the Town as based on the 2017 tax roll for the collection of 2018 taxes.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation ⁽¹⁾</u>
Globalfoundries U S 2 LLC Total	Manufacturing and processing	\$257,160,000	6.6%
Central Hudson Gas & Electric	Utility Company	69,392,864	1.8
Con Edison	Utility Company	35,817,615	0.9
I Park East Fishkill	Real Estate Developer	14,704,000	0.4
Toll Land VI Lmtd Partnership	Real Estate Developer	13,453,301	0.3
The City of New York	Reservoir	10,977,000	0.3
Centro NP Holdings II SPE LLC,	Realty	8,250,000	0.2
Amalgamated Realty LLC	Realty	7,000,000	0.2
The City of New York	Residential	6,646,000	0.2
Hopwell Associates LLC,	Area Shopping Center	6,500,000	0.2
Total of Ten Largest Taxpayers:		<u>\$429,900,780</u>	<u>11.0%</u>

(1) Total full value for 2018 is \$3,908,993,390. There are currently no tax certiorari with any of the top ten taxpayers.

TOWN INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Town (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 Town and its obligations.

Purpose and Pledge. Subject to certain enumerated exceptions, the Town 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 Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid 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 Town determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven percentum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash 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 ratio 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 ratio 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.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily the Town has delegated to the Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- 1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- 2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or
- 3) Such obligations are authorized in violation of the provisions of the Constitution.

The Local Finance Law also provides an estoppel procedure whereby a bond resolution is published. Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. The Town is in the process of complying with such procedures in connection with the Notes, and it is expected that the estoppel period will lapse prior to closing.

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

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes, and provided that such renewals do not extend five years beyond the original date or borrowing (See “Payment and Maturity” under “Constitutional Requirements” herein).

In general, the Local Finance Law contains provisions providing the Town with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes.

Constitutional Debt-Contracting Limitation

Pursuant to Article VIII of the New York State Constitution, the debt limit of the Town is as follows:

**Computation of Debt Contracting Limitation
As of November 16, 2018**

<u>Assessment Roll Completed in</u>	<u>For Fiscal Year Ended December 31</u>	<u>Taxable Assessed Valuation</u>	<u>Equalization Rate ⁽¹⁾</u>	<u>Full Valuation</u>
2013	2014	\$3,565,724,332	100.00%	\$3,565,724,332
2014	2015	3,580,842,230	100.00	3,580,842,230
2015	2016	3,866,843,131	100.00	3,866,843,131
2016	2017	3,887,803,606	100.00	3,887,803,606
2017	2018	3,908,993,390	100.00	3,908,993,390
Total Five-Year Full Valuation				<u>18,810,206,689</u>
Average Five-Year Full Valuation				<u>3,762,041,337</u>
Debt Limit - 7% of Average Full Valuation				<u>\$ 263,342,892</u>

(1) Final rate as established by the ORPTS.

Statutory Debt Limit and Net Indebtedness

Pursuant to Article VIII of the New York State Constitution, the debt limit of the Town is as follows:

**Statement of Debt Contracting Power
As of November 16, 2018**

	<u>Amount</u>	<u>Percentage</u>
Debt Limit:	<u>\$259,522,021</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds	20,700,800	7.86
Bond Anticipation Notes	<u>3,285,000</u>	<u>1.25</u>
Total Gross Indebtedness	<u>23,985,800</u>	<u>9.11</u>
Less Exclusions:		
Water Debt	4,855,711	1.85
Budgetary Appropriations	<u>10,000</u>	<u>0.00</u>
Total Exclusions	<u>4,865,711</u>	<u>1.85</u>
Total Net Indebtedness	<u>19,120,089</u>	<u>7.26</u>
Net Debt Contracting Margin	<u>\$244,222,803</u>	<u>92.74%</u>

Short-Term Indebtedness

Pursuant to the Local Finance Law, the Town is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

Capital Purposes. Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted. Generally, bond anticipation notes are issued in anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years from the date of the first note. Notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of bonds. In no event, may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

Operating Purposes. The Town is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law as well as the regulations issued under the U.S. Internal Revenue Code. Notes may be renewed from time to time generally not beyond the third year after issuance in the case of revenue anticipation notes and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient and deficiency notes may be issued to finance current operating revenues that did not materialize. Generally, the amount of budget notes may not exceed 5% of the budget and both budget notes and deficiency notes must be redeemed in the next fiscal year, unless issued after adoption of the ensuing year's budget, in which case, must be redeemed by the end of the second year after issuance. The Town has not borrowed for cash flow or working capital needs since 1994 and does not anticipate the need to borrow this year or next year.

The Town's cash flow has been sufficient to meet its operating requirements; accordingly, the Town has not required the issuance of tax anticipation notes, revenue anticipation notes, budget notes or deficiency notes and does not expect to issue in the foreseeable future.

Bond Anticipation Notes

The Town has the following bond anticipation notes outstanding.

<u>Date Authorized</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
05/26/16	12/29/16	John Jay Sewer/Route 52 Sewer Improvement Area	1,200,000
05/26/16	12/29/16	Cannon Well Fields/Town Wide Water Improvement	2,085,000
			<u>\$3,285,000</u>

Trend of Capital Debt

Capital Debt History

<u>Fiscal Year Ended December 31:</u>	<u>Bonded Debt</u>	<u>Bond Anticipation Notes</u>	<u>Total</u>
2013	23,057,200	-0-	23,057,200
2014	24,020,783	1,350,000	25,370,783
2015	22,080,600	1,350,000	23,430,600
2016	21,099,000	4,735,000	25,834,000
2017	21,787,400	3,685,000	25,472,400

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of Dutchess County and the central schools situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The following table presents the amount of overlapping debt and the Town's estimated share of this debt. Authorized but unissued debt has not been included.

**Direct and Overlapping Debt Ratios
As of November 16, 2018**

Gross Direct Indebtedness	\$23,985,800
Exclusions and Deductions	<u>4,865,711</u>
Net Direct Indebtedness	<u>\$19,120,089</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Indebtedness</u>	<u>Percent Applicable To Town</u>	<u>Applicable Net Indebtedness</u>
County of Dutchess	02-02-18	\$ 78,425,000	12.86%	\$10,085,455
Arlington Central School District	10-11-18	104,151,700	4.77	4,968,036
Pawling Central School District	06-30-18	11,525,000	0.90	103,725
Wappingers Central School District	06-30-17	61,596,860	38.07	23,449,925
Carmel Central School District	12-20-17	20,610,000	9.45	1,947,645
East Fishkill Fire District	12-31-16	0	100.00	<u>0</u>
 Total				 <u><u>\$40,554,786</u></u>

Debt Ratios

**Direct and Overlapping Debt Ratios
As of November 16, 2017**

	<u>Amount</u>	<u>Per Capita ⁽¹⁾</u>	<u>Full Value ⁽²⁾</u>
Gross Direct Debt	\$23,985,800	\$ 819	0.61%
Net Direct Debt	19,120,089	653	0.49
Net Direct and Overlapping Debt	59,674,875	2,038	1.53

- (1) The population of the Town, according to the estimated 2016 U.S. Census Data, is 29,282.
 (2) The Town's equalization rate established by the ORPTS is 100.00% yielding a full valuation of \$3,908,993,390 for 2018.

Authorized But Unissued Debt

The Town plans to issue up to \$4.2 million for the establishment of the Route 82 Water Improvement Area with the adoption of a bond resolution in November or December 2018. Bond anticipation notes will be issued as soon as a bond resolution has been authorized and become effective.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Town's outstanding general obligation bonds.

Fiscal Year Ending December 31:	Principal	Interest	Total Debt Service	% Principal Paid
2018 (1)	\$1,086,600	\$685,893	\$1,772,493	4.99%
2019	1,016,600	634,273	1,650,873	9.66
2020	976,600	602,533	1,579,133	14.14
2021	892,600	574,755	1,467,355	18.24
2022	900,000	546,481	1,446,481	22.37
2023	905,000	518,381	1,423,381	26.53
2024	935,000	489,719	1,424,719	30.82
2025	805,000	462,519	1,267,519	34.52
2026	835,000	437,644	1,272,644	38.35
2027	855,000	411,881	1,266,881	42.28
2028	880,000	385,388	1,265,388	
2029	920,000	358,013	1,278,013	
2030	935,000	329,378	1,264,378	
2031	975,000	299,831	1,274,831	
2032	1,005,000	268,950	1,273,950	
2033	950,000	238,475	1,188,475	
2034	985,000	208,600	1,193,600	
2035	1,010,000	177,481	1,187,481	
2036	1,045,000	145,463	1,190,463	
2037	1,075,000	112,413	1,187,413	
2038	1,115,000	78,256	1,193,256	
2039	595,000	51,181	646,181	
2040	490,000	33,109	523,109	
2041	515,000	15,850	530,850	
2042	35,000	4,125	39,125	
2043	40,000	2,200	42,200	
Total	\$21,777,400	\$8,072,792	\$29,850,192	

(1) As of November 16, 2018, the Town has paid \$1,076,600 in principal and \$657,509 in interest due on serial bonds for the fiscal year ending December 31, 2018.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2000-2010</u>	<u>2010-2016</u>
Town	25,589	29,029	29,282	13.4%	0.9%
County	280,150	297,488	295,905	6.2	(0.5)
State	18,976,457	19,378,102	19,697,457	2.1	1.6

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

Income

Per Capita Money Income

	<u>2010</u>	<u>2016</u>	<u>% Increase</u>
Town	\$37,928	\$41,074	8.3%
County	31,642	35,101	10.9
State	30,948	34,212	10.5

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

Median Income of Families

2016

	Median Family Income	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Town	\$104,980	8.0%	13.0%	14.1%	12.1%	52.8%
County	90,856	8.1	15.4	16.4	15.6	44.5
State	74,036	15.5	18.6	16.5	13.2	36.3

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

Employment

Average Employed Civilian Labor Force

2000 - 2017

	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Increase</u>	
				<u>2000-2010</u>	<u>2010-2017</u>
Town	13,100	13,400	13,800	2.3%	3.0%
County	134,000	137,700	144,700	2.8	5.1
State	8,717,465	8,769,700	9,249,200	0.6	10.5

Source: State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	6.6%	6.7%	7.7%	7.4%
2014	5.2	5.3	6.3	6.2
2015	4.4	4.5	5.3	5.3
2016	4.0	4.2	4.8	4.9
2017	4.3	4.3	4.7	4.4
2018: ⁽¹⁾				
Jan	4.7	4.8	5.1	4.5
Feb	4.8	5.0	5.1	4.4
Mar	4.4	4.5	4.8	4.1
Apr	4.1	4.1	4.3	3.7
May	3.6	3.6	3.7	3.6
Jun	3.8	3.9	4.2	4.2
Jul	3.8	3.8	4.2	4.1
Aug	3.5	3.6	4.1	3.9
Sep	3.4	3.4	3.8	3.6

(1) Monthly Rates.
Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

Education

Elementary and secondary education is the responsibility of the four independent school districts in the Town. Children of the Town attend one of the four school districts, determined by geography. Dutchess County Community College, a two-year co-educational college, offers four main programs of study leading to associate degrees in the arts, science, applied science and a one year certificate. In addition, there are three four-year colleges located in the County. These institutions are Bard College, Marist College and Vassar College. Dutchess County is also home to the Culinary Institute of America, a world renowned school of culinary arts.

Financial Institutions

Numerous banking facilities are available in and around the Town. Many of the State's major commercial banks have branch offices located in the area. JPMorgan Chase, NA, M&T Bank, Mahopac National Bank and Wells Fargo are located within the Town.

Transportation

The Town maintains its own interior network of Town roads. Interstate 84 (providing access east to Danbury, Connecticut and west to Scranton, Pennsylvania), the Taconic State Parkway (providing access north to Albany and south to Westchester County and New York City) and several State Highways serve the Town including N.Y.S. Routes 52, 82 and 376. Frequent bus service is available by the Dutchess County Loop System which provides intra-county service. Metro North Railroad provides a commuter service to New York City via the Hudson Line, with stops at Poughkeepsie, New Hamburg and Beacon. Commercial air transportation is available at nearby Stewart Airport located in Orange County.

Utilities

Electricity and natural gas are supplied throughout the Town by CH Energy Group, Inc. Telephone service is provided by Frontier Communications and Verizon.

Culture and Recreation

Several libraries are available to residents of the Town. East Fishkill Library, a member of the Mid-Hudson Library System, located within the Town, offers a variety of services. The library at Dutchess County Community College is open to the public for reference work.

The Town has several recreation areas open to residents. There are facilities for baseball, soccer, tennis, swimming skills and crafts and picnic areas. Activities for special groups including senior citizens are available.

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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TOWN OF EAST FISHKILL
GENERAL FUND (1)
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2013	2014	2015	2016	2017
ASSETS					
Cash and Equivalents	\$ 1,641,712	\$ 1,390	\$ 876,195	\$ 1,205,704	\$ 1,494,011
Charges for Services	251,526	277,192	337,709	381,301	323,067
Due From Other Funds	1,013,749	684,233	854,872	601,107	542,956
Due From Other Governments	489,872	655,112	1,100,594	730,832	933,994
State & Federal Receivables	268,808	171,172	230,914	287,096	270,418
Deferred Expenditures	404,959	440,496	158,791	452,778	0
Total Assets	\$ 4,070,626	\$ 2,229,595	\$ 3,559,075	\$ 3,658,818	\$ 3,564,446
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 326,895	\$ 420,830	\$ 704,014	\$ 717,116	\$ 353,843
Accrued Liabilities	250,681	266,468	1,124,058	311,485	304,345
Retainage Payable	0	1,275	0	0	0
Due To Other Funds	7,473	314,617	0	0	0
Due To Other Governments	0	0	0	857,366	902,424
Deferred Revenues	41,245	27,496	13,748	0	2,300
Total Liabilities	626,294	1,030,686	1,841,820	1,885,967	1,562,912
Fund Balances:					
Non Spendable	399,959	440,496	158,791	452,778	0
Restricted	1,298,242	100,000	0	0	0
Assigned	420,000	150,000	0	0	0
Unassigned	1,326,131	508,413	1,558,464	1,320,073	2,001,534
	<u>3,444,332</u>	<u>1,198,909</u>	<u>1,717,255</u>	<u>1,772,851</u>	<u>2,001,534</u>
Total Liabilities and Fund Equity	\$ 4,070,626	\$ 2,229,595	\$ 3,559,075	\$ 3,658,818	\$ 3,564,446

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TOWN OF EAST FISHKILL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

YEARS ENDED DECEMBER 31:

	2013	2014	2015	2016	2017
REVENUES:					
Real Property Taxes	\$ 5,029,118	\$ 5,321,769	\$ 6,138,959	\$ 6,402,789	\$ 6,915,362
Real Property Tax Items	1,237,621	1,203,649	1,041,154	93,614	94,003
Non Property Tax Items	1,712,685	1,898,701	1,976,184	2,079,953	2,165,529
Departmental Income	628,642	482,428	602,157	743,884	497,494
Intergovernmental Charges	167,781	216,572	234,489	246,961	289,604
Use Of Money And Property	152,552	146,238	146,419	152,717	169,257
Licenses and Permits	421,902	381,488	461,236	604,577	632,395
Fines and Forfeitures	494,887	523,457	509,770	780,554	744,330
Sale Of Property And Compensation For Loss	45,268	55,212	1,584,763	202,617	78,263
Miscellaneous	117,472	30,408	14,406	8,097	52,210
State Aid	964,403	863,477	903,136	1,075,741	1,003,219
Federal Aid	59,512	0	0	0	0
Total Revenues	11,031,843	11,123,399	13,612,673	12,391,504	12,641,666
EXPENDITURES:					
Current:					
General Government Support	2,282,833	2,216,456	2,309,021	2,357,027	2,178,811
Public Safety	4,387,038	4,314,395	4,282,859	4,151,951	4,418,475
Health	1,725	3,237	3,844	5,655	466
Transportation	244,984	256,034	278,532	279,483	234,144
Economic Assistance And Opportunity	115,311	146,570	118,872	125,973	139,902
Culture And Recreation	1,226,812	1,254,304	1,286,811	1,275,302	1,193,421
Home And Community Services	346,692	299,681	347,695	305,221	278,964
Employee Benefits	3,378,485	3,664,155	3,540,210	3,557,512	3,888,382
Debt Service	70,388	124,900	126,892	277,784	80,418
Total Expenditures	12,054,268	12,279,732	12,294,736	12,335,908	12,412,983
Excess of Revenues Over Expenditures	(1,022,425)	(1,156,333)	1,317,937	55,596	228,683
OTHER FINANCING SOURCES (USES):					
Proceeds of Debt	0	0	0	0	0
Operating Transfers - In	0	100,659	0	0	0
Operating Transfers - Out	0	0	(800,000)	0	0
Total Other Financing Sources (Uses)	0	100,659	(800,000)	0	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,022,425)	(1,256,992)	517,937	55,596	228,683
Fund Equity - Beginning of Year	4,466,757	3,444,332	1,198,909	1,717,255	1,772,851
Prior Period Adjustments	0	(988,431)	(1) 409	(1) (1)	(1) (1)
Fund Equity - End of Year	\$ 3,444,332	\$ 1,198,909	\$ 1,717,255	\$ 1,772,851	\$ 2,001,534

(1) Represents adjustment due to Recreation Development being transferred from General Fund to Special Rec Fund.

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**TOWN OF EAST FISHKILL
OTHER GOVERNMENTAL FUNDS (1)
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

	2013	2014	2015	2016	2017
ASSETS					
Cash and Equivalents	\$ 1,106,302	\$ 1,108,329	\$ 1,043,494	\$ 1,422,859	\$ 1,118,604
Receivables:					
Charges For Services	342,373	383,237	463,528	626,452	473,852
Other	80,842	67,006	181,159	50,167	43,150
Due From Other Funds	170,134	491,150	0	0	0
Due From Other Governments	0	349,308	0	0	525,969
State and Federal Receivables	0		707,247	0	214,587
Deferred Revenues	115,898	0	56,977	0	0
Deferred Expenditures	0	106,311	0	121,286	0
Total Assets	\$ 1,815,549	\$ 2,505,341	\$ 2,452,405	\$ 2,220,764	\$ 2,376,162
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 602,184	\$ 877,213	\$ 499,455	\$ 505,795	\$ 358,302
Accrued Liabilities	51,004	48,421	233,142	76,086	73,401
Due To Other Funds	1,004,550	560,704	498,068	302,383	238,197
Due To Other Governments	0	0	0	159,822	160,865
Notes Payable	95,775	0	0	0	0
Bond Anticipation Notes	1,350,000	0	0	0	0
Retainage Payable	0	24,509	0	0	0
Deferred Revenues	0	0	0	0	0
Total Liabilities	3,103,513	1,510,847	1,230,665	1,044,086	830,765
Fund Balances:					
Non Spendable	115,898	106,311	56,977	121,286	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	564,289	1,147,046	1,271,465	1,417,078	1,568,064
Unassigned	(528,980)	(258,864)	(106,702)	(361,686)	(22,667)
	151,207	994,493	1,221,740	1,176,678	1,545,397
Total Liabilities and Fund Equity	\$ 3,254,720	\$ 2,505,340	\$ 2,452,405	\$ 2,220,764	\$ 2,376,162

(1) Other Governmental Funds Includes: Highway and Non-Major (Water, Sewer, Lighting, Park and Drainage).

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**TOWN OF EAST FISHKILL
OTHER GOVERNMENTAL FUNDS*
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION**

	AS OF DECEMBER 31:				
	2013	2014	2015	2016	2017
REVENUES:					
Real Property Taxes	\$ 6,656,807	\$ 6,709,737	\$ 6,720,182	\$ 6,765,275	\$ 6,841,037
Real Property Tax Items	1,874	1,819	1,550	1,390	1,900
Departmental Income	829,469	1,032,530	1,384,093	1,531,703	1,887,835
Use Of Money And Property	12,877	13,151	8,475	11,619	12,272
Sale Of Property And					
Compensation For Loss	5,794	39,552	5,674	49,459	16,916
Miscellaneous	300	149,314	587,350	3,080	212,200
State Aid	563,315	368,947	377,751	159,485	565,319
Interfund Transfers	0	0	0	0	0
Federal Aid	58,916	0	59,436	0	183,932
	<u>8,129,352</u>	<u>8,315,050</u>	<u>9,144,511</u>	<u>8,522,011</u>	<u>9,721,411</u>
Total Revenues					
EXPENDITURES:					
Current:					
General Government Support	56,267	58,879	59,799	64,097	64,690
Public Safety	0	0	0	0	0
Transportation	4,056,160	4,513,620	4,825,739	3,795,217	3,636,586
Culture And Recreation	29,108	71,767	764,970	20,930	407,908
Home And Community Services	1,134,687	1,177,882	1,018,904	1,491,917	1,499,238
Employee Benefits	1,193,081	1,169,700	1,134,524	1,316,607	1,343,660
Debt Service	1,901,186	1,939,288	1,913,328	1,878,305	2,339,459
	<u>8,370,489</u>	<u>8,931,136</u>	<u>9,717,264</u>	<u>8,567,073</u>	<u>9,291,541</u>
Total Expenditures					
Excess of Revenues					
Over (Under) Expenditures	<u>(241,137)</u>	<u>(616,086)</u>	<u>(572,753)</u>	<u>(45,062)</u>	<u>429,870</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	395,942	800,000	0	0
Operating Transfers - Out	0	(126,320)	0	0	(61,151)
	<u>0</u>	<u>269,622</u>	<u>800,000</u>	<u>0</u>	<u>(61,151)</u>
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues					
and Other Sources Over					
Expenditures and Other Uses	<u>(241,137)</u>	<u>(346,464)</u>	<u>227,247</u>	<u>(45,062)</u>	<u>368,719</u>
Fund Balances - Beginning of Year	392,344	151,207	994,493	1,221,740	1,176,678
Adjustments	0	1,189,750	0	0	0
	<u>0</u>	<u>1,189,750</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 151,207</u>	<u>\$ 994,493</u>	<u>\$ 1,221,740</u>	<u>\$ 1,176,678</u>	<u>\$ 1,545,397</u>

(1) Other Governmental Funds Includes: Highway and Non-Major (Water, Sewer, Lighting, Park and Drainage).

(2) Represents adjustment due to Recreation Development being transferred from General Fund to Special Rec Fund.

The financial data presented on this page has been excerpted from the audited financial statements of the Town.

Such presentation, however, has not been audited. Complete copies of the Town's audited financial statements are available upon request to the Town.

Complete copies of the Town's audited financial statements are available upon request to the Town.

**TOWN OF EAST FISHKILL
2018 OPERATING BUDGET**

	General Fund	Highway Fund	Lighting Districts	Hopewell Sidewalk	Water Districts	Sewer Districts	Park Districts	Combined Totals
ESTIMATED REVENUES:								
Real Property Taxes	\$ 7,129,966	\$ 5,388,511	\$ 125,740	\$ 1,000	\$ 510,854	\$ 963,016	\$ 7,110	\$ 14,126,197
Real Property Tax Items	135,000	0	0	0	0	0	1,820	136,820
Non-Property Taxes	2,140,000	0	0	0	0	0	0	2,140,000
Departmental Income	661,600	0	0	0	926,269	915,340	0	2,503,209
Intergovernmental Charges	42,000	0	0	0	0	0	0	42,000
Use Of Money And Property	6,004	2,500	0	0	654	499	5,650	15,307
Licenses And Permits	589,000	0	0	0	0	0	0	589,000
Fines And Forfeitures	760,000	0	0	0	0	0	0	760,000
Sale Of Property And Compensation For Loss	30,000	25,000	0	0	0	0	0	55,000
State Aid	1,070,890	350,000	0	0	0	0	0	1,420,890
Miscellaneous	456,500	0	0	0	0	0	6,520	463,020
Total Estimated Revenues	13,020,960	5,766,011	125,740	1,000	1,437,777	1,878,855	21,100	22,251,443
APPROPRIATIONS:								
Current:								
General Government Support	2,389,560	67,250	0	0	0	0	0	2,456,810
Public Safety	4,322,760	0	0	0	0	0	0	4,322,760
Health	2,000	0	0	0	0	0	0	2,000
Transportation	262,600	4,013,000	125,740	1,000	0	0	0	4,402,340
Economic Assistance And Opportunity	119,650	0	0	0	0	0	0	119,650
Culture And Recreation	1,275,100	0	0	0	0	0	21,100	1,296,200
Home And Community Services	387,850	0	0	0	981,390	751,900	0	2,121,140
Employee Benefits	4,196,690	1,384,600	0	0	0	0	0	5,581,290
Debt Service	64,750	301,161	0	0	456,387	1,126,955	0	1,949,253
Total Appropriations	13,020,960	5,766,011	125,740	1,000	1,437,777	1,878,855	21,100	22,251,443
Excess Of Estimated Revenues Over Appropriations	0	0	0	0	0	0	0	0
OTHER FINANCING SOURCES (USES):								
Operating Transfers - In	0	0	0	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0
APPROPRIATED FUND BALANCES	0	0	0	0	0	0	0	0

**TOWN OF EAST FISHKILL
2019 OPERATING BUDGET**

	General Fund	Highway Fund	Lighting Districts	Hopewell Sidewalk	Water Districts	Sewer Districts	Park Districts	Combined Totals
ESTIMATED REVENUES:								
Real Property Taxes	\$ 7,250,378	\$ 5,747,282	\$ 128,900	\$ 1,000	\$ 400,118	\$ 967,616	\$ 7,110	\$ 14,502,404
Real Property Tax Items	92,024	0	0	0	0	0	1,820	93,844
Non-Property Taxes	2,192,222	0	0	0	0	0	0	2,192,222
Departmental Income	620,187	0	0	0	1,068,185	1,142,458	0	2,830,830
Intergovernmental Charges	47,000	0	0	0	0	0	0	47,000
Use Of Money And Property	7,500	2,500	0	0	727	1,086	5,650	17,463
Licenses And Permits	616,500	0	0	0	0	0	0	616,500
Fines And Forfeitures	700,000	0	0	0	0	0	0	700,000
Sale Of Property And Compensation For Loss	10,000	0	0	0	0	0	0	10,000
State Aid	1,223,890	350,000	0	0	0	0	0	1,573,890
Miscellaneous	453,000	0	0	0	0	0	0	453,000
Total Estimated Revenues	13,212,701	6,099,782	128,900	1,000	1,469,030	2,111,160	14,580	23,037,153
APPROPRIATIONS:								
Current:								
General Government Support	2,362,300	65,900	0	0	0	0	0	2,428,200
Public Safety	4,293,091	0	0	0	0	0	0	4,293,091
Health	2,000	0	0	0	0	0	0	2,000
Transportation	287,500	4,171,400	128,900	1,000	0	0	0	4,588,800
Economic Assistance And Opportunity	129,500	0	0	0	0	0	0	129,500
Culture And Recreation	1,291,000	0	0	0	0	0	20,100	1,311,100
Home And Community Services	350,750	0	0	0	1,110,750	932,330	0	2,393,830
Employee Benefits	4,414,000	1,563,200	0	0	0	0	0	5,977,200
Debt Service	82,560	299,282	0	0	358,280	1,178,830	0	1,918,952
Total Appropriations	13,212,701	6,099,782	128,900	1,000	1,469,030	2,111,160	20,100	23,042,673
Excess Of Estimated Revenues Over Appropriations	0	0	0	0	0	0	(5,520)	(5,520)
OTHER FINANCING SOURCES (USES):								
Operating Transfers - In	0	0	0	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0
APPROPRIATED FUND BALANCES	0	0	0	0	0	0	5,520	5,520

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

**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/ER1315239.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. Sickler, Torcia, Allen & Churchill, CPA’s PC has not been requested by the
Town to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**

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APPENDIX D

FORM OF BOND COUNSEL'S LEGAL OPINION

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FORM OF BOND COUNSEL'S OPINION

December 17, 2018

Town of East Fishkill,
County of Dutchess,
State of New York

Re: Town of East Fishkill, Dutchess County, New York
\$3,425,770 Bond Anticipation Notes, 2018 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$3,425,770 Bond Anticipation Notes, 2018 Series A (the "Obligation"), of the Town of East Fishkill, Dutchess County, New York (the "Obligor"), dated December 17, 2018, numbered _____, of the denomination of \$[_____], bearing interest at the rate of [_____] % per annum, payable at maturity, and maturing December 17, 2019.

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 Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation 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 Obligation 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 Obligation 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 Obligation 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 Obligation, including the form of the Obligation. 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 Obligation has 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 for which the obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the obligor is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations. The enforceability (but not the validity) of the Obligation: (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 Obligation; 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 Obligation 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 Obligation 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 Obligation.

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 Obligation 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation 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 Obligation 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 Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation 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 Obligation, 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