

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 6, 2018

**NEW ISSUE: SERIAL BONDS
BOOK-ENTRY-ONLY**

Rating: See “Rating” herein

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

The Town WILL designate the Bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

**TOWN OF MAMARONECK
WESTCHESTER COUNTY, NEW YORK**

**\$5,815,500*
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018
(the “Bonds”)**

Dated: Date of Delivery

Due: December 15, 2019 to 2038

The Bonds are general obligations of the Town of Mamaroneck, Westchester County, New York (the “Town”), and all of the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein.)

The Bonds will be dated the date of delivery, will bear interest from such date payable semiannually on each June 15 and December 15 until maturity, commencing December 15, 2019 and will mature on the dates, in the years and amounts as set forth on the inside cover page hereof. The Bonds maturing on or after December 15, 2027 will be subject to redemption prior to maturity. (See “Optional Redemption” herein.)

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for an odd denomination maturing in 2019 which is or includes \$5,500. Purchasers will not receive certificates representing their ownership interests in the Bonds. Payment of the principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See “Book-Entry-Only System” herein.)

Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds.

The Bonds are offered when, as, and if issued by the Town and accepted by the purchaser, subject to the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that Bonds will be available for delivery through the offices of DTC in Jersey City, New Jersey on or about December 27, 2018.

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

Dated: December __, 2018

* Preliminary, subject to change.

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The Bonds mature on December 15 in each of the years, subject to prior redemption, as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
2019	\$ 225,500			2029**	\$ 290,000		
2020	230,000			2030**	295,000		
2021	235,000			2031**	305,000		
2022	240,000			2032**	315,000		
2023	245,000			2033**	325,000		
2024	250,000			2034**	335,000		
2025	260,000			2035**	345,000		
2026	265,000			2036**	355,000		
2027**	270,000			2037**	370,000		
2028**	280,000			2038**	380,000		

* The principal maturities of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Bond Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law.

** The Bonds maturing in the years 2027 and thereafter will be subject to redemption prior to maturity, as described herein. (See “*Optional Redemption*” herein.)

**TOWN OF MAMARONECK
WESTCHESTER COUNTY, NEW YORK**

**NANCY SELIGSON
SUPERVISOR**

TOWN BOARD

Jaine Elkind Eney Councilmember
Sabrina Fiddelman Councilmember
Abby Katz Councilmember
Jeffery King Councilmember

Stephen V. Altieri Town Administrator
Anthony Siligato Town Comptroller/Director of Finance
Christina Battalia Town Clerk
William Maker, Jr. Esq. Town Attorney

BOND COUNSEL

**Orrick, Herrington & Sutcliffe LLP
New York, New York**

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 570-0340

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

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OFFICIAL STATEMENT
TOWN OF MAMARONECK
WESTCHESTER COUNTY, NEW YORK

Relating To
\$5,815,500*
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Town of Mamaroneck, in the County of Westchester, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$5,815,500* Public Improvement (Serial) Bonds, 2018 (the “Bonds”).

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

THE BONDS

Description

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on December 15, 2019 and semiannually thereafter on June 15 and December 15 in each year until maturity. The Bonds shall mature on December 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds maturing in the years 2019 to 2026, inclusive, will not be subject to redemption prior to maturity. The Bonds maturing in the years 2027 and thereafter will be subject to redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 and integral multiples thereof, except for an odd denomination maturing in 2019 which is or includes \$5,500. Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners of the Bonds as described under “*Book-Entry-Only System*,” herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

* Preliminary, subject to change.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the General Municipal Law, Town Law, the Local Finance Law, and various bond resolutions duly adopted by the Town on their respective dates for the objects or purposes listed below. Proceeds from the sale of the Bonds will be used to provide original financing for such purposes.

<u>Purpose</u>	<u>Resolution Number</u>	<u>Adoption Date</u>	<u>Amount to Bonds</u>
Improvements to Roads, Sidewalks, and Curbs	2017-04	3/15/17	\$ 775,000
Acquisition of Highway Vehicles and Equipment	2017-06	3/15/17	385,000
Improvements to Pryer Manor Bridge Improvements	2017-54	3/15/17	103,500
Improvements to Town Center	2017-14	3/15/17	227,500
Improvements to Highway and Garage Facilities	2017-38	3/15/17	72,500
Parking Lot Improvements	2017-48	3/15/17	41,500
Acquisition of a Sanitation Vehicle	2017-09	4/05/17	170,500
Sanitary Sewer Improvements – Phase 1	2017-60	6/21/17	2,795,000
Improvements to Town Center	2018-17	2/28/18	785,000
Acquisition of Highway Vehicles and Equipment	2018-06	2/28/18	335,000
Parking Lot Improvements	2018-48	2/28/18	<u>125,000</u>
	Totals:		<u>\$ 5,815,000</u>

Optional Redemption

The Bonds maturing on or before December 15, 2026 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after December 15, 2027 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after December 15, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Nature of Obligation

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

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

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon 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.

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

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the 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 Information - Tax Levy Limitation Law,” herein.

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

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

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

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

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such

appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Book-Entry-Only System

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized

representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

Source: The Depository Trust Company

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TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (New York, Buffalo, Rochester, Syracuse, 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. It 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 or 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 statutory tax levy limitation is not clear.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Bond when duly issued and paid for will constitute a contract between the 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to

municipalities, judgments against the 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 the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

No current state law purports to create any priority for holders of the Bonds should the 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 the Bonds 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 Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the 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 enacted at the 1975 Extraordinary Session of the State legislature described below authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the 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 Town 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 Towns 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 Towns 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 FRB and does not reasonably anticipate doing so. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, Town 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, Town 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, Town or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial 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 Bonds 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

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

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

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the 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 Bonds. (See “*Tax Levy Limitation Law*,” herein.)

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 has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as "No Designation".

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. OSC has not released a formal report on the Town in the past five years nor is one presently in progress. Additional information regarding State audits can be obtained by visiting the New York State website for Local Governments and School Accountability.

LITIGATION

Various notices of claim have been filed with the Town. The allegations set forth in these claims primarily relate to claims for damages for personal injury, property damage and occasionally administrative determinations by Town officials. Most claims are for money damages, while others seek a specific action or forbearance on the part of the Town or the Town.

In the opinion of the Town Attorney, the resolution of the claims presently pending against the Town will not have an adverse material effect on the financial position of the Town. Such matters are for inconsequential amounts (under \$25,000), or are adequately covered by existing insurance, or are without merit. Pursuant to the Local Finance Law, the Town is authorized to issue debt to finance judgments and claims, if necessary.

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 Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Town with respect to the authorization, issuance or sale of the Bonds 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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Town has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal

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

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 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

(i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated December 18, 2018 of the Town relating to the Bonds under the headings "The Town", "Financial Factors", "Tax Information", "Town Indebtedness", "Litigation", and Appendices (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2018, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the

United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2018 such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties*

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties**

(e) substitution of credit or liquidity providers, or their failure to perform

(f) 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 or determinations with respect to the tax status of the Bonds

(g) modifications to rights of Bondholders, if material

(h) bond calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Bonds

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the Town***

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

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

***With respect to event (l) the event is considered to occur upon: 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.

(m) 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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

The Town may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Town determines that any such other event is material with respect to the Bonds; 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.

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

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

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

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

RATING

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

On December 7, 2017, Moody's affirmed the Town's "Aaa" credit rating on the outstanding uninsured general obligation debt of the Town.

Such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained 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 the Bonds or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, Great Neck and New York, New York, has served as the independent Municipal 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, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting

standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

MISCELLANEOUS

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 management’s beliefs as well as assumptions made by, and information currently available to, the Town 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 files with the repositories. When used in Town documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will, or “should”, or similar words or phrases are intended to identify forward-looking statements.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, bond counsel to the 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 Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Bonds, the 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.

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

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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.

Additional information may be obtained from the office of the Town Comptroller at (914) 381-7850 or the Town's Municipal Advisor, Capital Markets Advisors, LLC (CMA) at (516) 570-0340

TOWN OF MAMARONECK
WESTCHESTER COUNTY, NEW YORK

By: _____
Nancy Seligson
Supervisor

DATED: December __, 2018

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town encompasses an area of approximately 14.0 square miles, and is located in southeastern Westchester County approximately 10 miles north of New York City along the Long Island Sound. The area is primarily residential in character, with some commercial development. Most residential development consists of single-family homes, but townhouse complexes and estates are also located within the area. Commercial facilities mainly include professional buildings and suburban shopping centers.

The population of the Town was 29,707, according to the 2016 American Community Survey by the U.S. Census Bureau. Most residents are employed throughout Westchester County or Manhattan where they hold positions in industry, finance and are engaged in various professions.

Rail transportation is provided by the Metro North Railroad (now part of the Metropolitan Transit Authority). Highways serving the Town include the New England Thruway (Interstate I-95) and the Hutchinson River Parkway. The area is also covered by an extensive network of County and Town roads.

Form of Government

The Town was established as a municipal government in 1661, and is vested with the powers and responsibilities inherent in the operation of a municipal government including the authority to tax real property and incur debt. The Town includes the Village of Larchmont, the Mamaroneck Union Free School District, Mamaroneck Fire District #1, as well as a portion of the Village of Mamaroneck and the Scarsdale Union Free School District.

Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Westchester County Tax Law, a basic feature of which requires that the Town guarantee and enforce the real property taxes levied by the County as well as school districts situated in the Town. The Real Property Tax Law, in part, also governs certain assessment and taxing procedures for the Town. Under Article 3-A of the Town Law, the Town is classified as a suburban town.

Elected and Appointed Officials

The Town Board is the legislative, appropriating, governing and policy determining body of the Town and consists of four Board members, elected at large to serve four-year terms, plus the Supervisor. Board members may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Town must be approved by the Supervisor and Town Board; modifications and transfers between budgetary appropriations also must be authorized by the Supervisor and Town Board on the recommendation of the Town Administrator and/or Comptroller. The original issuance of all Town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief executive and financial officer of the Town and is elected for a two-year term of office with the right to succeed himself/herself. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. The Supervisor and the Town Board appoint a Town Administrator who serves as chief operating officer of the Town. Duties of the Town Administrator include the administration of the Town's daily functions and budget preparation and control. The Comptroller is responsible for fiscal and treasury management and the management of the issuance of notes and bonds to finance Town various purposes.

The Town Clerk acts as the custodian of the Town's records as well as the clerk to the Town Board. Duties of this office include: recording and maintaining the minutes of the proceedings of the Town Board, issuing certain licenses and permits, and coordinating Town elections. The Town Clerk is elected to a four-year term and may serve an unlimited number of terms.

The Receiver of Taxes, Comptroller and Town Attorney are all appointed by the Supervisor and the Town Board. It is the responsibility of the Receiver of Taxes to receive and collect all County, Town and school taxes, and all assessments levied or assessed in the Town.

The Town Assessor is appointed by the Town Board, on the Supervisor’s recommendation, to serve a six-year term. It is the Assessor’s responsibility to appraise real property in the Town for the purpose of preparing and maintaining tax assessment rolls in the form prescribed by the State Board of Assessment and Equalization (“State Board”). The State Board is required annually to determine the assessment of each special franchise in the Town that is subject to assessment. In addition, the State Board provides an advisory service to assist with the assessment of certain forested lands, public utilities or unusually complex properties. Assessment review procedures include examination of the tentative assessment roll in the Assessor’s presence, a public hearing before an independent board of assessment review and, finally, judicial review in State Supreme Court.

Services and Programs

The Town provides its residents with many of the services traditionally provided by Town governments, including water, street maintenance and lighting, snow removal and recreational activities. Education is provided by the Mamaroneck School District and the Scarsdale School District. In addition, the County furnishes certain other services.

Fire protection is furnished by the Mamaroneck Fire District No. 1. Police protection is provided by the Town’s police department.

Pursuant to State Law, the County, not the Town, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs.

Employees

The Town provides services through approximately 125 full-time employees, some of whom are represented by the following units of organized labor.

<u>Employees</u>		
<u>Number of Employees</u>	<u>Contract Organization</u>	<u>Contract Expiration Date</u>
52	Civil Service Employees Association	12/31/20
38	Policemen’s Benevolent Association	12/31/18*

*Currently in negotiations.

Source: Town Officials.

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “ERS”) or the New York State and Local Police and Fire Retirement System (collectively, the “Retirement System”). 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 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 and before April 2, 2013 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.

On December 10, 2009, the then Governor signed in to law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries and there is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides 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 contributions throughout employment.

On May 14, 2003, the Governor signed a pension reform bill into law as Chapter 49 of the Law of 2003 (“Chapter 49”). Chapter 49 changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 (“Chapter 260”). Chapter 260 changed the pension payment date for all local governments from December 15 to February 1.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town has prepaid its employer contributions each December since the option was made available in 2004, and expects to do so in December 2018 for payments due February 2019.

For the five years 2014 through 2018, the Town’s contributions to the ERS and PFRS combined were: \$2,939,685, \$2,147,720, \$2,330,418, \$2,350,768 and \$2,385,498 respectively. The Town anticipates that it will prepay its 2019 contributions totaling \$2,431,200 to ERS and PFRS in December 2018.

Due to significant capital market declines in the recent past, the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State’s Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5% percent. The Town has paid all of its required payments in full and has not needed to borrow for a portion of those payments through the State. The legislation also authorizes local governments and school districts to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011 and the Town has not found it necessary to use this option and instead the Town pays its required contributions in full. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas

provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The Town has not in the past and does not have any plans to amortize any of its annual required contributions to ERS or PFRS.

In Spring 2013, the State modified the ERS Stable Contribution Option ("SCO") adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. For ERS, the 2013-14 SCO rate is 12%. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the municipalities can choose not to defer payment in any given year. Under the SCO, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The Town has no plans to participate in this SCO program.

Other Post Employment Benefits

The Town implemented GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The Town's total OPEB liability as of December 31, 2017 was \$30,640,000 using a discount rate of 3.31% and actuarial assumptions and other inputs as described in the Town's December 31, 2017 audited financial statements.

Should the Town be required to fund the total OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town will continue funding this expenditure on a pay-as-you-go basis.

Legislation had been introduced in the last two legislative sessions to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. 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 would be no limits on how much a local government can deposit into the trust. Such legislation has not been considered for a full legislative approval and the Town cannot predict whether such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

Budgetary Procedure

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the Budget Officer (Town Administrator) on or before October 20th. Estimates for the fire district situated within the Town must also be filed with the Budget Officer by this date; however, the Town has no authority to change a fire district budget. The fire district is a separate municipal unit of government. After reviewing these estimates, the Budget Officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of October. Subsequently, the Town Clerk presents the tentative budget to the Town Board at a regular or special hearing which must be held by November 10th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board becomes the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is required to be held on or before the 10th day of December. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended not later than December 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Any changes or modifications to the annual budget must be approved by resolution of the Board.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the law. All tax levies for budgets of the Town adopted in accordance with the procedures discussed herein must comply with the requirements of the Tax Levy Limitation Law. With the exception of the fiscal years ended December 31, 2013, December 31, 2014 and December 31, 2017, the Town has remained within the tax levy cap limits established by the Tax Levy Limitation Law for each of the remaining last five fiscal years and adopted a budget for fiscal year end December 31, 2019 within the limits of the tax levy cap. (See "TAX LEVY LIMITATION LAW" herein).

Independent Audits

The financial statements of the Town are audited by the firm of O'Connor Davies, LLP, independent certified public accountants. Appendix B to this Official Statement presents a summary of the audited financial statements for the fiscal years ended December 31, 2013 through 2017. 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.)

Fund Structures and Accounts

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

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

The Town maintains the following governmental funds: General Fund, Special Revenue Funds consisting of Town Outside Village Fund, Highway Fund, Special Districts Fund (Water, Sewer, Street Lighting, Fire Protection, Refuse and Garbage District, and Ambulance District), Tri-Municipal Cable T.V. Fund, Section 8 Housing Assistance Program, Debt Service Fund, Capital Projects Fund, and Fiduciary Funds.

Basis of Accounting

The financial statements of the Town are prepared on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded in the accounting period in which they are “measurable” and “available” to finance current operations. Revenues susceptible to accrual include real property taxes, services to other governments, intergovernmental revenues and operating transfers. Expenditures are generally recognized under the modified accrual basis that is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the general long-term obligations account group and recognized as an expenditure when due, (2) unmatured interest on general long-term debt which is recognized as an expenditure when due and (3) compensated absences which are charged to expenditures when paid.

Revenues

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 63.99% of total general fund and special fund revenues for the fiscal year ended, December 31, 2017, while State aid accounted for 5.24% and sales tax accounted for 4.60%.

The following table sets forth total fund revenues and sale taxes received for each of the past five audited fiscal years and the adopted and preliminary budgeted amounts for the current and upcoming fiscal years, respectively.

Fund Revenues & Real Property Taxes

<u>Fiscal Year</u> <u>Ended December 31:</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>Real</u> <u>Property Taxes⁽¹⁾</u>	<u>Taxes to</u> <u>Revenues</u>
2013	\$37,556,545	\$24,124,573	64.24%
2014	35,947,591	23,442,576	65.21
2015	36,022,673	23,543,249	65.36
2016	37,241,758	23,443,482	62.95
2017	39,812,326	25,474,698	63.99
2018 (Adopted Budget)	39,207,547	25,646,039	65.41
2019 (Preliminary Budget)	40,261,743	26,571,335	66.00

(1) Exclusive of Section 8 Housing Assistance and Capital Projects.

Source: Audited Financial Statements, Adopted Budget, and Preliminary Budget of the Town. Summary itself not audited.

State Aid. The Town receives financial assistance from the State. State Aid accounted for approximately 5.24% of the total fund revenues of the Town in the 2017 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in

anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year or future years, 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. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE”, herein.)

The following table sets forth total fund revenues and sale taxes received for each of the past five audited fiscal years and the adopted and preliminary budgeted amounts for the current and upcoming fiscal years, respectively.

Fund Revenues & State Aid Revenues

Fiscal Year <u>Ended December 31</u>	Total <u>Revenues⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	\$37,556,545	\$1,996,428	5.32%
2014	35,947,591	1,852,581	5.15
2015	36,022,673	2,284,792	6.34
2016	37,241,758	2,378,856	6.39
2017	39,812,326	2,087,549	5.24
2018 (Adopted Budget)	39,207,547	2,148,725	5.48
2019 (Preliminary Budget)	40,261,743	2,034,225	5.05

(1) Exclusive of Section 8 Housing Assistance and Capital Projects.

Source: Audited Financial Statements, Adopted Budget, and Preliminary Budget of the Town. Summary itself not audited.

Sales Tax. The County presently imposes a 1 1/2% County-wide sales and use tax on all retail sales. This, in addition to the present 4% State sales tax and 3/8% sales tax levied in the Metropolitan Transportation Authority District, provides a minimum combined sales tax in the County of 5 7/8%. In addition, the cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2.5% in the Cities of White Plains, Mount Vernon, and New Rochelle. The city of Yonkers, pursuant to State law, has imposed sales and use taxes at a rate of 3.00%. The cities of Rye and Peekskill do not currently impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax (above the 1 1/2% County-wide sales and use tax described above) for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2020. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns and villages as well as cities in the County which have imposed sales taxes (50%).

Effective March 1, 2004, the State Legislature authorized an additional 1/2% sales tax for the County to impose in localities other than cities which have their own sales tax. The additional 1/2% sales tax is apportioned between the County (70%), school districts in the County (10%), and towns and villages as well as cities in the County which have not imposed sales taxes (20%). The legislation authorizing the additional 1/2% sales tax expires on May 31, 2020.

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The following table sets forth total fund revenues and sale taxes received for each of the past five audited fiscal years and the adopted and preliminary budgeted amounts for the current and upcoming fiscal years, respectively.

General Fund Revenues & Sales Tax

Fiscal Year <u>Ended December 31</u>	Total <u>Revenues⁽¹⁾</u>	<u>Sales Tax</u>	Sales Tax <u>to Revenues</u>
2013	\$37,556,545	\$1,684,780	4.49%
2014	35,947,591	1,743,960	4.85
2015	36,022,673	1,727,220	4.79
2016	37,241,758	1,748,807	4.70
2017	39,812,326	1,827,391	4.60
2018 (Adopted Budget)	39,207,547	1,853,102	4.73
2019 (Preliminary Budget)	40,261,743	1,800,000	4.47

(1) Exclusive of Section 8 Housing Assistance and Capital Projects.

Source: Audited Financial Statements, Adopted Budget, and Preliminary Budget of the Town. Summary itself not audited.

TAX INFORMATION

Valuations and Tax Data

The Town derives its general power to levy an ad valorem real property tax from Article 8, Section 10 of the Constitution of the State of New York; however, towns in the State do not have a Constitutional tax limit. Town Law Section 115 provides the statutory authority of a town to levy ad valorem real property taxes, and does not provide for a limit similar to that found in Article 8 section of the Constitution. The Town is responsible for levying taxes for operating purposes and debt service.

The following table shows the trend during the last five years for taxable assessed valuations, state equalization ratios, full valuations, real property taxes and real property tax rates per \$1,000 assessed valuation.

Valuations and Tax Data

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Value	\$8,696,224,895	\$9,210,122,797	\$9,475,721,071	\$9,771,592,337	\$9,774,581,720
Equal. Ratio	1.0000	1.0000	1.0000	1.0000	1.0000
Full Value	8,696,224,895	9,210,122,797	9,475,721,071	9,771,592,337	9,774,581,720
Tax Levy	17,078,642	17,275,690	17,587,637	18,415,041	18,810,209
Tax Rate per \$1,000AV ⁽¹⁾	4.05	4.11	3.79	3.96	3.90

(1) Data reflects General Townwide, Town Outside Village and Highway Town Outside Village levies and related tax levies and rates.

Source: Town officials and the New York State Board of Equalization and Assessment.

Tax Collection Procedures

The assessment and collection of real property taxes is governed by the Westchester County Tax Law as well as by the Real Property Tax Law of the State. Towns and cities in Westchester County are responsible to assess all real property within their boundaries, with the exception of franchised utility companies, and to collect all real property taxes. The Town collects all Town, County, fire district and school district taxes. It receives warrants for the collection of taxes from the County, from its fire districts and from each of its school districts. The Town then remits the amount of the County and individual fire and school district warrants at times set forth in the Westchester County Tax Law. The Town is required to remit the full amount of each warrant presented by the County or the

individual fire or school districts, whether or not these sums are actually collected by the Town. The Town also has the responsibility for conducting in rem foreclosure proceedings.

Town, County, State judicial and special district taxes for the period from January 1 to December 31 are due in a single payment on April 1. Payment may be made without penalty until April 30, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December and 12% thereafter to the date of the tax lien redemption.

School taxes for the period from July 1 to June 30 are due on September 1, with the first half payable without penalty until September 30th, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during February and March, and 12% thereafter to the date of the tax lien redemption. Second half school taxes are payable without penalty until January 31, after which the penalty is 10% during February and March, and 12% thereafter to date of the tax lien redemption.

The following table sets forth the amount of taxes levied and collected by the Town for the last five fiscal years.

Real Property Tax Levies and Collections

Fiscal Year Ended <u>December 31:</u>	Town Gross <u>Tax Levy</u>	Current Taxes <u>Collected</u>	Percentage Current Taxes <u>Collected</u> ⁽¹⁾
2013	\$22,342,535	\$22,328,613	99.94%
2014	22,994,635	22,983,216	99.95
2015	23,448,445	23,429,641	99.92
2016	23,713,182	23,683,793	99.88
2017	24,987,956	24,945,107	99.83
2018 ⁽²⁾	25,646,039	25,536,695	99.57

(1) County/Town taxes are levied and collected in the calendar year.

(2) As of December 1, 2018.

Source: Town Officials.

Tax Certiorari Matters

The following schedule is a compilation of the amounts budgeted and expenditures incurred by the Town, for the refund of real property taxes.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Adopted Budget	\$303,000	205,000	193,500	193,500	188,500
Expenditures	\$63,334	149,843	282,640	165,930	292,094 ⁽¹⁾

(1) As of December 1, 2018.

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Ten of the Largest Taxpayers

The following table presents the tentative taxable assessments of ten of the Town’s largest taxpayers for the 2018 fiscal year. With the exception of the Consolidated Edison Company, each of the remaining taxpayers listed have tax certiorari claims pending. (See “LITIGATION” herein.)

<u>Taxpayer</u>	<u>Taxable Assessments</u>		
	<u>Nature of Business</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation</u>
Consolidated Edison Company	Utility	\$ 131,435,858	1.34%
Avalon Properties Inc.	Apartments	45,640,000	0.47%
Larchmont Acres East Assoc. LLC	Co-Op	33,820,000	0.35%
Winged Foot Holding Corp.	Country Club	28,078,500	0.29%
Palmer Terrace Co-Op Inc.	Co- Op	27,679,901	0.28%
Ten Grand Inc.	Manufacturing	22,720,000	0.23%
Mamaroneck Gardens Inc.	Co-Op	22,349,567	0.23%
Larchmont Owners Corp	Co-Op	21,036,080	0.22%
Carlshire Tenants Inc.	Co-Op	18,298,294	0.19%
Northeast Property Owners Inc.	Condominiums	<u>18,185,700</u>	0.19%
Total:		<u>\$369,243,900</u>	3.78%

(1) Based on the total assessment roll for the 2018 fiscal year of \$9,774,581,720.

Source: Town Officials.

TOWN INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form.

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid 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. No installment may be more than fifty per centum in excess of the smallest prior installment unless the Town authorized the issuance of bonds with substantial 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, bond anticipation notes and capital notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the outstanding 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 Town also has the power to contract indebtedness and guarantee indebtedness of the Authority so long as the aggregate principal amount shall not exceed seven percentum

of average full valuation of taxable real estate of the Town. The constitutional method for determining full valuation is determined 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 Equalization and Assessment. 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 valuation 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, by the enactment of the Local Finance Law, authorized the power and procedure for the Town to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including the Town Law.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a resolution, approved by the members of the Town Board, the finance board of the Town. Certain resolutions may be subject to permissive referendum, or may be submitted to the Town voters, at the discretion of the Town Board.

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, suit, or proceeding 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 State Constitution.

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.

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

The Local Finance Law 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 of borrowing. (See "Payment and Maturity" under "Constitutional and Statutory 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 budget notes, capital notes, revenue anticipation notes, and tax anticipation notes.

Town of Mamaroneck Housing Authority

The Town of Mamaroneck Housing Authority (the "Authority") a municipal housing authority of the State of New York issued \$4,645,000 Hommocks Park Apartments Revenue Bonds, 1993 (the "1993 Authority Bonds") to finance the cost of the construction by the Authority of a 54-unit garden style housing facility on land owned by and located in the Town (the "Project"). The Project is owned and operated by the Authority. The property on which the Project is located is owned by the Town and leased to the Authority. The Authority's bonds are payable from

the revenues of the Project. Payment of the principal and interest on the Authority’s Bonds is guaranteed by the Town pursuant to a Guarantee authorized pursuant to a resolution adopted by the Town Board. The Authority Bonds are not debt of the Town, County or State, except with respect to the Town pursuant to the Guarantee. The Town has never had to pay debt service on the Authority’s bonds pursuant to the Guarantee.

On March 23, 2003, the Authority issued \$4,005,000 Hommocks Park Apartment Refunding Revenue Bonds, 2003 (“2003 Authority Bonds”). The 2003 Authority Bonds were issued by the Authority to refund, prior to maturity, the Authority’s 1993 Bonds, which mature or matured in the years 2005 to 2021.

On October 22, 2015, the Authority issued \$1,535,000 Hommocks Park Apartment Refunding Revenue Bonds – 2015 Series A (the “2015A Authority Bonds”) and \$650,000 Hommocks Park Apartment Public Improvement Revenue Bonds – 2016 Series B (the “2015B Authority Bonds”). The 2015A Authority Bonds were issued by the Authority to refund, prior to maturity, the 2003 Authority Bonds, which mature or matured in the years 2016 through 2021, inclusive.

The table below sets forth the total debt service payments required to be made on the outstanding Authority Bonds.

Bond Principal and Interest Maturity Table

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2018 ⁽¹⁾	\$280,000	\$39,344	\$319,344
2019	285,000	33,494	318,494
2020	290,000	27,494	317,494
2021	300,000	21,394	321,394
2022	30,000	15,094	45,094
2023	30,000	14,194	44,194
2024	30,000	13,294	43,294
2025	30,000	12,394	42,394
2026	30,000	11,494	41,494
2027	35,000	10,594	45,594
2028	35,000	9,544	44,544
2029	35,000	8,494	43,494
2030	35,000	7,444	42,444
2031	35,000	6,394	41,394
2032	40,000	5,300	45,300
2033	40,000	4,050	44,050
2034	40,000	2,750	42,750
2035	40,000	1,400	41,400
	<u>\$1,640,000</u>	<u>\$244,166</u>	<u>\$1,884,166</u>

(1) For entire fiscal year.

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Constitutional Debt-Contracting Limitation

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay interest on or principal of indebtedness theretofore contracted. However, there are statutory limitations on the tax levy. (See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.) The following table sets forth the current debt-contracting limitation of the Town.

<u>Debt Contracting Limitation</u>			
<u>Fiscal Year Ended</u> <u>December 31</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Ratio</u> ⁽¹⁾	<u>Full</u> <u>Valuation</u>
2014	8,696,224,895	1.0000	8,696,224,895
2015	9,210,122,797	1.0000	9,210,122,797
2016	9,475,944,071	1.0000	9,475,944,071
2017	9,771,592,337	1.0000	9,771,592,337
2018	9,774,581,720	1.0000	<u>9,774,581,720</u>
Total Five-Year Full Valuation			<u>\$ 46,928,465,820</u>
Average Five-Year Full Valuation			9,385,693,164
Debt Contracting Limitation – 7% of Average Full Valuation			<u>\$ 656,998,521</u>

(1) Equalization rates are established by the New York State Board of Equalization and Assessment.

Source: New York State Board of Equalization and Assessment.

The following table, based on information furnished by the Town, presents the debt-incurring power of the Town and shows that the Town is within its constitutional debt limit.

Statement of Debt-Contracting Power **(As of December 6, 2018)**

Debt-Contracting Limitation:	\$ 656,998,521
Gross Direct Indebtedness:	
Bonds:	
General Purpose (incl. Fire Dist.)	\$23,763,760
Water	3,298,241
Sewer	1,262,999
Bond Anticipation Notes:	0
Total Gross Direct Indebtedness	<u>28,325,000</u>
Less Exclusions and Deductions:	
Water Bonds	3,298,241
Appropriations for Non-Exempt Indebtedness - 2018 Fiscal Year	0
Total Exclusions and Deductions:	<u>3,298,241</u>
Total Net Direct Indebtedness ⁽¹⁾	25,026,759
Debt-Contracting Margin	<u>\$631,971,762</u>
Percentage of Debt-Contracting Power Exhausted	<u>3.81%</u>

(1) Does not include lease purchase agreements which, while not debt, do count toward the debt limit of the Town. See “Installment Purchase Agreements” herein.

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding for the last five fiscal years.

Direct Capital Indebtedness Outstanding

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds:	\$17,577,000	\$25,155,000	\$23,430,000	\$32,860,845	\$30,785,000
Bond Anticipation Notes:	<u>0</u>	<u>260,000</u>	<u>585,000</u>	<u>0</u>	<u>0</u>
Totals:	<u>\$17,577,000</u>	<u>\$25,415,000</u>	<u>\$24,015,000</u>	<u>\$32,860,845</u>	<u>\$30,785,000</u>

Source: Audited financial statements of the Town. Table itself is not audited.

Installment Purchase Agreements

The Town has entered into an agreement to finance the cost of purchasing certain equipment. The terms of the agreements provide for repayment in annual installments, through 2019, including interest at 0.21%. The balance due as of December 31, 2018 is \$29,302.

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, two Villages, the two school districts, and the fire district. 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 unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Overlapping Indebtedness

Gross Direct Indebtedness	\$ 28,325,000
Exclusions and Deductions	<u>3,298,241</u>
Net Direct Indebtedness	<u>\$ 25,026,759</u>

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>Town Share</u>	<u>Amount Applicable To Town</u>
Westchester County	\$646,956,024	10/31/18	4.5%	\$ 29,113,021
Village of Larchmont	6,581,795	05/31/17	100.0	6,581,795
Village of Mamaroneck	40,389,722	05/31/18	48.5	19,589,015
Mamaroneck UFSD	36,875,000	06/30/18	100.0	36,875,000
Scarsdale UFSD	31,390,000	11/30/17	4.6	1,443,940
Mamaroneck Fire District #1*	2,715,000	12/06/18	100.0	<u>2,715,000</u>
Total Net Overlapping Debt				\$ 96,317,771
Total Net Direct Debt				<u>25,026,759</u>
Total Net Direct and Overlapping Debt				<u>\$ 121,344,530</u>

*Will be selling serial bonds concurrently with the Town.

Source(s): Official Statements publically available on the Municipal Securities Rulemaking Board: EMMA website.

Debt Ratios

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

	<u>Debt Ratios</u>		
	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Full Value ⁽²⁾</u>
Net Direct Debt	\$25,026,759	\$ 842.45	0.26%
Net Direct and Overlapping Debt	121,344,530	4,084.71	1.24

(1) The population of the Town is 29,707 according to the 2016 American Community Survey 5-Year Estimates.

(2) The full valuation of real property located in the Town for the 2018 fiscal year is \$9,774,581,720.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Town’s outstanding bonded general obligation indebtedness for each fiscal year ending December 31, exclusive of the Bonds, and exclusive of economically defeased obligations.

<u>Bond Principal and Interest Maturity Table</u>			
Fiscal Year			Total
Ending December 31st	Principal	Interest ⁽¹⁾	Principal and Interest ⁽¹⁾
2018 ⁽²⁾	\$ 2,215,000	\$ 570,054	\$ 2,785,054
2019	1,895,000	566,464	2,461,464
2020	1,680,000	527,614	2,207,614
2021	1,710,000	493,864	2,203,864
2022	1,750,000	459,414	2,209,414
2023	1,780,000	424,264	2,204,264
2024	1,815,000	387,364	2,202,364
2025	1,860,000	348,564	2,208,564
2026	1,905,000	307,470	2,212,470
2027	1,950,000	263,089	2,213,089
2028	1,770,000	218,925	1,988,925
2029	1,470,000	179,886	1,649,886
2030	1,230,000	146,989	1,376,989
2031	1,040,000	118,804	1,158,804
2032	1,070,000	92,454	1,162,454
2033	1,100,000	64,585	1,164,585
2034	515,000	34,895	549,895
2035	530,000	24,080	554,080
2036	540,000	12,420	552,420
Totals	<u>\$27,825,000</u>	<u>\$5,241,199</u>	<u>\$33,066,199</u>

(1) May be off slightly due to rounding.

(2) For the entire fiscal year.

Authorized But Unissued Debt

Following the issuance of the Bonds, the Town will have no authorized but unissued debt remaining.

The Town continues to evaluate the cost of constructing a water treatment/filtration facility to be joint ventured with the Town of Harrison and Village of Mamaroneck. Originally the Town's share of the project was estimated to be \$12 million which would be financed through serial bonds. The Westchester Joint Waterworks is continuing to work with the State of New York on the evaluation of less expensive water treatment alternatives.

Cash Flow Borrowings

The Town has not issued tax anticipation notes, revenue anticipation notes, budget notes or deficiency notes and does not anticipate issuing such notes in the foreseeable future.

ECONOMIC AND DEMOGRAPHIC DATA

Population

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

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>Percentage Change</u> <u>2010/2016</u>
Town	28,967	29,156	29,707	1.89%
County	923,459	949,113	969,229	2.12%
State	18,976,457	19,378,102	19,697,457	1.65%

Source: U.S. Census Bureau and 2012-2016 American Community Survey 5-Year Estimates.

Income

The following table presents median household income for the Town, County and State.

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>Percentage Change</u> <u>2010/2016</u>
Town	\$84,213	\$111,812	\$114,509	2.41%
County	63,582	79,619	86,226	8.30%
State	43,393	55,603	60,741	9.24%

Source: U.S. Census Bureau and 2012-2016 American Community Survey 5-Year Estimates.

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Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Town, County and State.

Major Employers Located in the Town

<u>Employers</u>	<u>Number of Employees</u>	<u>Product or Service</u>
Cine Magnetics, Inc.	265	Photographic Equipment
Mamaroneck Union Free School District	245	Education
Village of Mamaroneck	150	Municipal government
Town of Mamaroneck	123	Municipal government
Semiconductor Packaging Materials, Inc.	80	Metal Stampings and Fabricated Wire
Derecktor, Robert E., Inc.	75	Boat and Ship Building
Argueso, M. & Co.	55	Specialty Wax Compounds
Nessen Lighting Inc.	55	Lighting
Archie Comic Publications, Inc.	54	Publishing of Comic Magazines
Marval Industries, Inc.	50	Plastic Materials and Compounds

Source: Town officials.

Civilian Labor Force

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town	14,500	14,400	14,700	14,700	14,800
County	477,700	472,800	481,200	481,000	484,100
State	9,659,200	9,591,300	9,644,600	9,668,700	9,704,700

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2013	5.2%	6.3%	7.7%
2014	4.2	5.1	6.3
2015	3.8	4.5	5.3
2016	3.6	4.3	4.8
2017	3.9	4.6	4.7

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

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Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
November 2017	4.0%	4.5%	4.4%
December	3.8	4.4	4.4
January 2018	4.2	4.9	5.1
February	4.4	5.2	5.1
March	4.2	4.7	4.8
April	3.7	4.2	4.3
May	3.6	3.8	3.7
June	3.7	4.1	4.2
July	3.6	4.1	4.2
August	3.5	4.1	4.1
September	3.1	3.6	3.8
October	2.9	3.3	3.6

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

Utilities

The residents of the Town receive electricity and natural gas from the Consolidated Edison. The Town receives water from the Westchester Joint Waterworks (“WJWW”), which is a joint utility of the Town of Mamaroneck, the Village of Mamaroneck and the Town of Harrison. Capital projects of the WJWW do periodically require the issuance of debt by the Town for its pro rata share of the cost thereof.

Transportation

The Town is served by a transportation network consisting of all major forms of transportation. Several primary State and U.S. highways including the New England Thruway and the Hutchinson River Parkway run through the Town. The Metropolitan Transportation Authority provides passenger rail service via the New Haven Division of Metro-North. Air transportation is provided by the Westchester County Airport, as well as the three major New York metropolitan airports (Kennedy, LaGuardia and Newark), and the Stewart International Airport in Newburgh.

END OF APPENDIX A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS
(Summary itself is not audited)

TOWN OF MAMARONECK
Summary of Budgeted Revenues & Expenditures
General Fund
Fiscal Years Ending December 31:

	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>
Revenues:			
Real Property Taxes	\$3,838,591	\$3,971,080	\$4,732,367
Other Tax Items	607,000	607,000	511,300
Departmental Income	344,750	363,000	368,000
Culture and Recreation	2,528,000	2,621,000	2,669,900
Intergovernmental Charges	5,000	5,000	5,000
Use of Money and Property	270,000	305,000	360,000
Licenses and Permits	35,250	40,250	50,300
Fines and Forfeitures	300,000	300,000	300,000
Sale of Property and Compensation for Loss	0	0	0
Miscellaneous	51,200	53,700	35,700
State Aid	1,818,725	2,063,725	1,949,225
Federal Aid	736,865	667,740	569,364
Interfund Revenues	93,000	162,000	130,000
Appropriated Fund Balance	<u>854,022</u>	<u>936,725</u>	<u>1,100,000</u>
Total Revenues	<u><u>\$11,482,403</u></u>	<u><u>\$12,096,220</u></u>	<u><u>\$12,781,156</u></u>
Expenditures:			
General Government Support	\$3,894,337	\$3,841,605	\$4,500,475
Public Safety	370,000	415,000	450,000
Transportation	143,837	140,360	145,320
Recreation and Community Services	3,605,276	3,427,958	3,897,098
Employee Benefits	2,202,750	2,274,300	2,451,450
Interfund Transfers	<u>1,266,203</u>	<u>1,279,709</u>	<u>1,336,813</u>
Total Expenditures	<u><u>\$11,482,403</u></u>	<u><u>\$11,378,932</u></u>	<u><u>\$12,781,156</u></u>

⁽¹⁾ Preliminary Budget.

Source: Town Budgets. Summary itself not audited

TOWN OF MAMARONECK
Summary of Budgeted Revenues and Expenditures
Part Town, Highway, Special District Funds
Fiscal Years Ending December 31:

	<u>2017</u>	<u>2018</u>
Budgeted Revenues and Fund Balance:		
Property Taxes	\$21,149,365	\$21,674,959
Other Revenue	7,973,856	4,525,090
Appropriated Balance	<u>513,325</u>	<u>521,000</u>
 Total	 <u><u>\$29,636,546</u></u>	 <u><u>\$26,721,049</u></u>
Budgeted Expenditures:		
Part Town	\$12,373,019	\$12,794,860
Highway Fund	5,638,021	5,731,339
Fire Districts	3,676,765	3,863,148
Street Lighting District	257,092	289,005
Ambulance District	1,561,859	1,589,384
Garbage District	2,117,134	2,162,793
Sewer District	283,839	290,520
Water District	393,159	390,278
Debt Service Fund	<u>3,335,658</u>	<u>3,396,072</u>
 Total	 <u><u>\$29,636,546</u></u>	 <u><u>\$30,507,399</u></u>

Source: Town Budgets. Summary itself not audited

TOWN OF MAMARONECK
Comparative Balance Sheets
General Fund
Fiscal Years Ended December 31:

	<u>2016</u>	<u>2017</u>
Assets:		
Cash	\$12,465,669	\$56,114,044
Investments	0	2,005,905
Taxes Receivable	50,475,530	24,446,385
Other Receivables	331,769	573,762
State and Federal Aid	28,658	18,281
Prepaid Expenditures	213,450	339,732
Due from other funds	171,629	434,575
	<u> </u>	<u> </u>
Total Assets	<u><u>\$63,686,705</u></u>	<u><u>\$83,932,684</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Accrued Liabilities	257,215	491,819
Due to School Districts	54,306,843	55,384,071
Due to Other Funds	5,625	163,009
Due to Other Governments	10	10
Overpayments	379	254,060
Unearned Revenues	1,753	3,098
Deferred Revenues	822,842	581,949
Taxes Collected in Advance	0	17,694,812
	<u> </u>	<u> </u>
Total Liabilities	<u><u>\$55,394,667</u></u>	<u><u>\$74,572,828</u></u>
Fund Balance:		
Nonspendable	213,450	339,732
Restricted	125,000	125,000
Assigned	887,976	964,645
Unassigned	7,065,612	7,930,479
	<u> </u>	<u> </u>
Total Fund Balance	<u><u>\$8,292,038</u></u>	<u><u>\$9,359,856</u></u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u><u>\$63,686,705</u></u>	<u><u>\$83,932,684</u></u>

Source: Town's Audited Financial Statements. Summary itself is not audited.

**TOWN OF MAMARONECK
Comparative Balance Sheets
Special Revenue Funds
Fiscal Years Ended December 31:**

	<u>2016</u>	<u>2017</u>
Assets:		
Cash	\$18,968,857	\$11,558,451
Investments	1,051,225	3,120,028
Other Receivables:		
Accounts	251,754	300,684
State and Federal Aid	3,685	112,730
Due From Other Governments	620,978	554,514
Due From Other Funds	20,598	835,625
Prepaid Expenditures	<u>732,390</u>	<u>1,578,747</u>
 Total Assets	 <u><u>\$21,649,487</u></u>	 <u><u>\$18,060,779</u></u>
 Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable	1,064,795	929,765
Accrued Liabilities	64,952	54,938
Bond Interest and Matured Bonds Payable	0	0
Due to Other Funds	186,602	1,107,191
Due to Other Governments	9,661	0
Retainages Payable	0	0
Deferred Revenues	0	0
Unearned Revenues	51,010	9,795
Bond Anticipation Notes Payable	<u>0</u>	<u>0</u>
 Total Liabilities	 <u><u>1,377,020</u></u>	 <u><u>2,101,689</u></u>
 Housing Assistance Payments in Advance	 473,134	 0
 Fund Balance:		
Nonspendable	732,390	1,578,747
Restricted	7,909,457	3,821,321
Assigned	11,157,486	10,559,022
Unassigned	<u>0</u>	<u>0</u>
 Total Fund Balance	 <u><u>19,799,333</u></u>	 <u><u>15,959,090</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$21,649,487</u></u>	 <u><u>\$18,060,779</u></u>

Source: Town's Audited Financial Statements. Summary itself is not audited.

TOWN OF MAMARONECK
Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
General Fund
Fiscal Years Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Real Property Taxes	\$5,546,027	\$4,158,266	\$3,765,435	\$3,643,083	\$4,361,569
Other Tax Items	1,840,070	996,880	647,383	1,000,533	1,078,925
Departmental Income	3,402,611	3,245,308	3,494,554	3,597,718	3,718,585
Use of Money and Property	313,492	311,358	315,453	313,684	322,362
Licenses and Permits	50,235	59,840	31,079	72,710	74,730
Fines and Forfeitures	250,078	307,985	317,363	320,723	291,460
Sale of Property and Compensation for Loss	7,531	2,648	20,412	158,808	30,493
State Aid	1,912,622	1,750,487	2,137,184	2,273,584	1,968,777
Federal Aid	108,529	70,726	63,600	77,003	52,711
Miscellaneous	66,299	49,992	166,132	68,647	31,140
Total Revenues	<u>\$13,497,494</u>	<u>\$10,953,490</u>	<u>\$10,958,595</u>	<u>\$11,526,493</u>	<u>\$11,930,752</u>
EXPENDITURES					
Current:					
General Government Support	3,349,679	3,569,950	3,574,284	4,040,191	4,467,232
Health	326,543	358,453	360,101	373,063	424,619
Transportation	120,462	124,907	129,834	135,000	141,650
Economic Assistance and Opportunity	450,419	455,863	432,861	452,103	448,859
Culture and Recreation	2,127,487	2,156,858	2,526,916	2,395,766	2,574,305
Home & Community Services	390,834	393,575	390,426	433,957	462,843
Employee Benefits	1,997,774	2,010,257	1,827,137	1,979,948	2,104,891
Debt Service	12,860	0	0	0	0
Total Expenditures	<u>8,776,058</u>	<u>9,069,863</u>	<u>9,241,559</u>	<u>9,810,028</u>	<u>10,624,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,721,436</u>	<u>1,883,627</u>	<u>1,717,036</u>	<u>1,716,465</u>	<u>1,306,353</u>
Other Financing Sources					
Sale of Property	0	0	0	0	1,316,886
Operating transfers in	211,075	99,345	129,774	59,000	132,318
Operating transfers out	(662,734)	(495,739)	(986,713)	(1,108,520)	(1,687,739)
Total Other Financing Sources	<u>(451,659)</u>	<u>(396,394)</u>	<u>(856,939)</u>	<u>(1,049,520)</u>	<u>(238,535)</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	4,269,777	1,487,233	860,097	666,945	1,067,818
Fund Balance - Beginning of Year	1,007,986	5,277,763	6,764,996	7,625,093	8,292,038
Fund Balance - End of Year	<u>\$5,277,763</u>	<u>\$6,764,996</u>	<u>\$7,625,093</u>	<u>\$8,292,038</u>	<u>\$9,359,856</u>

Source: Town's Audited Financial Statements. Summary itself is not audited.

TOWN OF MAMARONECK
Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
Fiscal Years Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$18,578,546	\$19,284,310	\$19,777,814	\$19,800,400	\$21,113,129
Non-property taxes	1,684,780	1,743,960	1,727,220	1,748,807	1,827,391
Departmental Income	2,572,859	3,011,905	2,842,711	3,366,600	3,388,542
Intergovernmental Charges	468,060	592,074	552,035	494,377	493,235
Use of Money and Property	13,861	13,211	9,076	198,714	56,433
Licenses and permits	508,692	715,616	514,701	822,790	779,363
Fines and Forfeitures	4,285	16,040	12,115	9,035	6,575
Sale of Property and Compensation for Loss	100,675	81,924	28,406	53,761	36,234
State aid	93,269	102,094	151,608	105,226	123,942
Federal Aid	6,546,374	5,720,467	6,116,195	6,205,198	6,244,496
Miscellaneous	330,838	114,251	355,638	380,836	282,618
Total Revenues	<u><u>\$30,902,239</u></u>	<u><u>\$31,395,852</u></u>	<u><u>\$32,087,519</u></u>	<u><u>\$33,185,744</u></u>	<u><u>\$34,351,958</u></u>
Expenditures:					
Current:					
General Government Support	\$1,208,202	\$1,122,045	\$1,282,613	\$1,423,210	\$1,392,425
Public Safety	7,194,619	7,344,939	7,573,748	7,478,299	7,678,411
Health	1,100,167	1,187,467	1,188,122	1,174,390	1,176,113
Transportation	3,006,789	3,109,378	3,074,827	2,960,738	3,077,953
Economic assistance and opportunity	6,358,181	6,134,504	6,247,221	6,244,244	6,372,335
Culture and Recreation	1,191,299	1,230,500	1,256,743	1,296,332	1,341,083
Home & Community Services	2,132,148	2,397,727	2,213,274	2,355,739	2,384,685
Employee Benefits	5,797,604	6,444,298	5,931,029	6,507,627	6,892,999
Principal	970,000	1,282,000	1,754,300	1,774,300	2,350,145
Interest	479,760	579,330	711,367	681,610	859,047
Refunding Bond Issuance Cost	62,224	0	0	0	124,916
Capital Outlay	2,053,853	9,006,343	3,513,961	6,697,638	6,368,279
Total Expenditures	<u><u>\$31,554,846</u></u>	<u><u>\$39,838,531</u></u>	<u><u>\$34,747,205</u></u>	<u><u>\$38,594,127</u></u>	<u><u>\$40,018,391</u></u>
Excess (Deficiency) of Revenues Over Expenditures	<u><u>(652,607)</u></u>	<u><u>(8,442,679)</u></u>	<u><u>(2,659,686)</u></u>	<u><u>(5,408,383)</u></u>	<u><u>(5,666,433)</u></u>
Other Financing Sources					
Issuance of serial bonds	5,154,000	8,860,000	0	11,175,845	0
Refunding Bond Issued	2,630,000	0	0	0	7,040,000
Issuance Premium	179,057	0	0	0	51,989
Payment to Refunded Bond Escrow	(2,746,833)	0	0	0	(6,967,073)
Installment purchase debt issued	0	0	146,502	0	0
Insurance Recoveries	0	67,108	75,124	2,047	145,852
Operating transfers in	2,677,261	2,517,018	3,748,106	3,601,155	5,655,087
Operating transfers out	(2,225,602)	(2,120,624)	(2,891,167)	(2,551,635)	(4,099,666)
Total Other Financing Sources	<u><u>5,667,883</u></u>	<u><u>9,323,502</u></u>	<u><u>1,078,565</u></u>	<u><u>12,227,412</u></u>	<u><u>1,826,189</u></u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	5,015,276	880,823	(1,581,121)	6,819,029	(3,840,244)
Fund Balance - Beginning of Year	<u><u>7,649,794</u></u>	<u><u>12,665,070</u></u>	<u><u>13,545,893</u></u>	<u><u>11,964,772</u></u>	<u><u>19,799,333</u></u>
Cumulative Effect of Change in Accounting Principle	0	0	0	1,015,532	0
Fund Balance - End of Year	<u><u>\$12,665,070</u></u>	<u><u>\$13,545,893</u></u>	<u><u>\$11,964,772</u></u>	<u><u>\$19,799,333</u></u>	<u><u>\$15,959,089</u></u>

Source: Town's Audited Financial Statements. Summary itself is not audited.

APPENDIX C

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 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/ER1285674.PDF](https://emma.msrb.org/ER1285674.pdf)

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. PKF O'Connor Davies, LLP, Certified Public Accountants has not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE BONDS**

December ____, 2018

Town of Mamaroneck,
County of Westchester,
State of New York

Re: Town of Mamaroneck, Westchester County, New York,
\$_____ Public Improvement (Serial) Bonds, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$_____ Public Improvement (Serial) Bonds, 2018 (the "Obligations"), of the Town of Mamaroneck, Westchester County, New York (the "Obligor"), dated December 27, 2018, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ hundredths per centum (_____%) per annum as to bonds maturing in each of the years 201____ to 20_____, both inclusive, payable on December 15, 2019 and semi-annually thereafter on June 15 and December 15, and maturing in the amount of \$_____ on December 15, _____, and \$_____ on December 15 in each of the years _____ to _____, both inclusive.

Obligations maturing on or before December 15, 2026 are not subject to redemption prior to maturity. Obligations maturing on or after December 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Obligor, on any date on or after December 15, 2026, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed 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. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

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

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP

/zmt