

**NEW ISSUE SERIAL BONDS
NEW AND RENEWAL ISSUE**

**RATING: See “RATING” herein
BOND ANTICIPATION NOTES**

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds and Notes is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds and Notes is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018) and the Bonds and Notes are **not** qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Bonds and Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Bonds and Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “Tax Matters” herein.*

**VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK**

\$3,968,000

**PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019A
(the “Series A Bonds”)**

Date of Issue: Date of Delivery

Maturity Dates: February 15, 2020-2034

\$2,689,877

**PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019B
(the “Series B Bonds” and together with the Series A Bonds the “Bonds”)**

Date of Issue: Date of Delivery

Maturity Dates: February 15, 2020-2048

and

\$4,958,000

**BOND ANTICIPATION NOTES, SERIES 2019A
(the “Notes”)**

Date of Issue: February 20, 2019

Maturity Date: February 20, 2020

The Bonds and Notes are general obligations of the Village of Port Chester, Westchester County, New York (the “Village”), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to the applicable provisions of Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law”). See “**Nature of Obligation**” and “**Tax Levy Limit Law,**” 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”), Jersey City, New Jersey. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be paid in Federal Funds by the Village to Cede & Co., as nominee for 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).

The Bonds will be dated their Date of Delivery, will bear interest from such date payable on August 15, 2019 and semiannually thereafter on each February 15 and August 15 until maturity and will mature on February 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See “Optional Redemption” herein).

At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for DTC.

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

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

The Bonds and Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective final approving opinions of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds and Notes will be available for delivery in Jersey City, New Jersey or as otherwise agreed with the purchaser(s) on or about February 20, 2019.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE VILLAGE’S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING FOR THE BONDS” AND “DISCLOSURE UNDERTAKING FOR THE NOTES” HEREIN.

Dated: January 30, 2019

The Series A Bonds mature on February 15 in each year as set forth below:

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2020	\$203,000			733760
2021	215,000			733760
2022	220,000			733760
2023	230,000			733760
2024	235,000			733760
2025	245,000			733760
2026	255,000			733760
2027	260,000			733760
2028	270,000			733760
2029	280,000			733760
2030	290,000			733760
2031	300,000			733760
2032	310,000			733760
2033	320,000			733760
2034	335,000			733760

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

The Series B Bonds mature on February 15 in each year as set forth below:

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2020	\$49,877			733760
2021	55,000			733760
2022	55,000			733760
2023	55,000			733760
2024	60,000			733760
2025	60,000			733760
2026	65,000			733760
2027	65,000			733760
2028	70,000			733760
2029	75,000			733760
2030	75,000			733760
2031	80,000			733760
2032	80,000			733760
2033	85,000			733760
2034	90,000			733760
2035	90,000			733760
2036	95,000			733760
2037	100,000			733760
2038	105,000			733760
2039	105,000			733760
2040	110,000			733760
2041	115,000			733760
2042	120,000			733760
2043	125,000			733760
2044	130,000			733760
2045	135,000			733760
2046	140,000			733760
2047	145,000			733760
2048	155,000			733760

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

VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK

BOARD OF TRUSTEES

Richard A. Falanka
Mayor

Gregory K. AdamsTrustee
Daniel BrakewoodTrustee
Frank Ferrara.....Trustee
Luis A. Marino.....Trustee
Bart Didden.....Trustee

Christopher Steers.....Village Manager
Leonie Douglas Village Treasurer
Janusz Richards..... Village Clerk
Anthony M. Cerreto, Esq.....Village Attorney

BOND COUNSEL



Squire Patton Boggs (US) LLP
New York, New York

INDEPENDENT AUDITOR

Drescher & Malecki LLP
Certified Public Accountants
Cheektowaga, New York

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(845) 227-8678

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No dealer, broker, salesman or other person has been authorized by the Village of Port Chester 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 Village of Port Chester. 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 and Notes 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 Village of Port Chester 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 Village of Port Chester since the date hereof.

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OFFICIAL STATEMENT

**VILLAGE OF PORT CHESTER
WESTCHESTER COUNTY, NEW YORK**

relating to

**\$3,968,000
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019A
(the “Series A Bonds”)**

**\$2,689,877
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019B
(the “Series B Bonds” and together with the Series A Bonds the “Bonds”)**

and

**\$4,958,000
BOND ANTICIPATION NOTES, SERIES 2019A
(the “Notes”)**

This Official Statement, which includes the cover page, inside cover page and appendices attached hereto, presents certain information relating to the Village of Port Chester, Westchester County, in the State of New York (the “Village,” “County,” and “State,” respectively). It has been prepared by the Village in connection with the sale and delivery of its \$3,968,000 Public Improvement Serial Bonds, Series 2019A (the “Series A Bonds”), \$2,689,877 Public Improvement Serial Bonds, Series 2019B (the “Series B Bonds” and together with the Series A Bonds the “Bonds”) and \$4,958,000 Bond Anticipation Notes, Series 2019A (the “Notes”).

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

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable on August 15, 2019 and semiannually thereafter on February 15 and August 15 until maturity and will mature on August 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (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”), Jersey City, New Jersey. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their ownership interest in the Bonds.

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

Authorization and Purpose of the Series A Bonds

Authorization. The Series A Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Village Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State, and bond resolutions adopted by the Board of Trustees of the Village detailed below.

Purpose. The proceeds of the Series A Bonds will be used to provide original financing for the projects listed below.

<u>Date of Authorization</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount of The Bonds</u>
05-21-18	02-20-19	Vehicles (3)	\$ 200,000
05-21-18	02-20-19	Machinery (5)	185,000
05-21-18	02-20-19	Codification of Laws (3)	70,000
05-21-18	02-20-19	Generator (10)	150,000
05-21-18	02-20-19	Streets (15)	1,500,000
05-21-18	02-20-19	Machinery (15)	411,000
05-21-18	02-20-19	Fire Truck (20)	527,000
05-21-18	02-20-19	Building Improvements (25)	675,000
11-05-18	02-20-19	Voting Machines (10)	250,000
			<u><u>\$3,968,000</u></u>

Authorization and Purpose of the Series B Bonds

Authorization. The Series B Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Village Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State, and bond resolutions adopted by the Board of Trustees of the Village detailed below.

Purpose. The proceeds of the Series B Bonds and \$46,500 of funds on hand will be used to redeem at maturity \$1,500,377 Bond Anticipation Notes, Series 2018A and provide \$1,236,000 of new money.

<u>Date of Authorization</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount of the Notes</u>
06-02-16	02-22-17	Sewer Improvement	\$1,299,923	\$26,500	\$ 0	\$1,273,423
06-05-17	02-21-18	Sewer Improvement	200,454	20,000	0	180,454
05-21-18	02-20-19	Storm Water Rehab	0	0	556,000	556,000
05-21-18	02-20-19	Sewer – Buckley Drain	0	0	680,000	680,000
			<u><u>\$1,500,377</u></u>	<u><u>\$46,500</u></u>	<u><u>\$1,236,000</u></u>	<u><u>\$2,689,877</u></u>

Optional Redemption

The Bonds maturing on or before February 15, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on or after February 15, 2028 will be subject to redemption prior to maturity, on any date, at the option of the Village, on February 15, 2027 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Village. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “Book-Entry-Only System” for additional information concerning redemptions).

THE NOTES

Description

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

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

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co., as the partnership nominee for DTC. The Village will act as Paying Agent for the Notes. The Village contact information is as follows: Leonie Douglas, Treasurer, 222 Grace Street, Suite 220, Port Chester, New York 10573 (914) 939-5205, e-mail: ldouglas@portchesterny.com.

Authorization and Purpose of the Notes

Authorization. The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Village Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State, and bond resolutions adopted by the Board of Trustees of the Village on various dates as detailed below.

Purpose. The proceeds of the Notes will be used to provide new money for the bulkhead project.

<u>Date of Authorization</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount of the Notes</u>
05-21-18	02-20-19	Bulkhead Improvements	\$4,958,000

THE BONDS AND NOTES

Book-Entry-Only System

The Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Bonds and if so requested, for the Notes. The Bonds and if so requested, the Notes will be issued as fully-registered securities 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. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP and 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 and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each bond or 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 and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED

BY DTC, BUT THE VILLAGE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS AND NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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

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

NATURE OF OBLIGATION

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

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

The Bonds and Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village, subject to applicable provisions of Chapter 97 of the Laws of 2011.

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

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on

the Village for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the Village under the Local Finance Law. Accordingly, the power of the Village to levy real property taxes on all taxable real property within the Village without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no 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. The TLLL also provides for certain adjustments 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. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the Village Board subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The Village is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the Village under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution. On February 19, 2013, the New York State United Teachers organization ("NYSUT") filed a lawsuit in State Supreme Court in Albany against the State, challenging Chapter 97 of the Laws of 2011 as applied to school districts on multiple federal and state constitutional grounds. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Aside from the State United Teachers lawsuit, as of the date hereof, the Village, without diligence, is unaware of any action threatened or pending in a court of competent jurisdiction to challenge the constitutionality or validity of the TLLL, or any administrative proceeding noticed or scheduled by a committee of the Legislature or a State agency to gather evidence and determine whether corrective legislative action is required to ensure that the TLLL is a valid general law. In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the Village set forth in the New York State Constitution and established by the aforesaid pledge of the Village's faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds and Notes. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws of 2011 under the applicable provisions of Article VIII of the New York Constitution.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond and Note, when duly issued and paid for, will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the

Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds and Notes in the event of a default in the payment of the principal of and interest on the Bonds and Notes.

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

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

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

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

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

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

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local

Finance Law, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

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

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Village has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders and

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 Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET FACTORS

The financial and economic condition of the Village as well as the market for the Bonds and Notes could be affected by a variety of factors, some of which are beyond the Village’s control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds and Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Village will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See “State Aid” herein).

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

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

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

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

Cybersecurity

The Village takes cybersecurity seriously as it relies on technology to conduct its operations. The Village uses both public and private assistance to maintain its security. The County provides the first level of firewall protection for most municipalities in Westchester County. Secondly, the Village has hired a specialized consulting company to provide a needs assessment of security risks not currently identified by the Village. This report will be provided within the next 90 days. The Village currently invests time and money in developing operational controls such as specialized employee training, policies and procedures and operational controls such as password policies. “However, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threat. The Village is diligent in its effort and will financially support cybersecurity.”

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

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Village 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 Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on October 13, 2017. The purpose of the review was to evaluate the accuracy of payroll payments for the period June 1, 2015 through January 26, 2017. The complete report and the Village's response can be obtained from OSC's website.

LITIGATION

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

Litigation. There are a number of outstanding claims and pending actions against the Village that allege negligence for personal injury and property damages, civil rights violations, and erroneous administrative determinations by Village officials. The Village, through consultation with counsel retained by its' general liability insurance company, is actively defending these claims and actions. The likelihood is remote that these claims and actions will result in judgments in excess of the Village's insurance coverage and reserves, and, except as set forth below, the settlement of the claims and actions presently pending against the Village are not expected to have an adverse material effect on the Village's financial position.

Specific mention is made with regard to the following:

Public Employee Safety & Health Bureau

On or about June 16, 2016, the Village received a Notice of Violation and order to Comply from the Public Employee Safety & Health Bureau ("PESH") regarding certain volunteer firefighters' alleged non-compliance with safety and health standards at a structure fire on March 2, 2016. The safety issues have been abated. PESH has closed the matter.

On May 2, 2016, for economic reasons, the Village's Board of Trustees voted to abolish all of its paid firefighter positions, effective May 14, 2016. The paid firefighters union filed a complaint with PESH alleging that the Board abolished the positions in retaliation for the PESH complaint regarding the fire on March 2, 2016. On or about December 30, 2016 PESH found that the Village did retaliate against the paid firefighters for filing the above - reference PESH complaints about the fire on March 2, 2016. The Village appealed PESH's decision to the Industrial Board of Appeals. The hearing before the Industrial Board was concluded. The complaint was withdrawn as part of a global settlement with the union making a one-time payment of \$295,000.

Public Employment Relations Board

The paid firefighters' union filed an improper practice charge with the Public Employment Relations Board ("PERB") alleging that the Village violated 209a.1(d) by abolishing the paid firefighters' positions and transferring their bargaining unit work in retaliation for their engagement in protected activity.

Following commencement of the hearing on the PERB Charge alleging the Village retaliated against the paid firefighters for engaging in protected activity, the paid firefighters' union filed another, related improper practice charge with the PERB alleging additional examples of transferring of bargaining unit work in violation of Section 209-1.1. of the Civil Service Law.

Both matters were withdrawn as part of the agreement with the union.

Fire Services Contract with the Village of Rye Brook

The Village entered into an inter-municipal agreement with the neighboring Village of Rye Brook for the provision of fire protection services which five-year term expired on May 31, 2018. Among other things, the agreement required the Village to provide the Village of Rye Brook with a paid firefighter at night. When the Village abolished its paid firefighters' positions, it stopped providing a paid firefighter to staff the Village of Rye Brook fire house. The Village of Rye Brook sued Port Chester for breach of contract. Following mediation, the parties executed a settlement agreement resolving this matter on or about May 4, 2017. In 2018, the parties entered into a new inter-municipal agreement for an additional five years which is the maximum period authorized by Village Law.

Article 78 Petition to Hold Permissive Referendum

An Article 78 petition was filed by one of the laid off firefighters on or about January 23, 2017 seeking an order directing the Village Clerk to "receive for filing the Permissive Referendum Petition previously filed in his office on December 14, 2016". In August 2017, the Supreme Court, Westchester County dismissed the proceeding. The time to appeal that order has long since expired and there have been no further court proceedings in this matter.

Tax Certiorari Proceedings. Certain property owners have filed certiorari petitions under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions for one or more years and, in most actions, a refund of property taxes previously paid. During the past five fiscal years the Village has paid tax certiorari refunds as follows: 2011/12 - \$81,282; 2012/13 - \$201,276, 2013/14- \$0; 2014/15 - \$175,047, 2015/16 - \$4,167.94, 2016/17 - \$114,238, 2017/18 - \$17,140 and 2018/19 - \$69,666. It is difficult to predict at this time the outcome of current cases. However, pursuant to State Law, the Village may issue debt to pay tax certiorari refunds should the amount of such refunds exceed the amount on hand therefore.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds and Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds and Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018), and (ii) interest on the Bonds and Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds and Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds and Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Village's certifications and representations or the continuing compliance with the Village's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds and Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Village may cause loss of such status and result in the interest on the Bonds and Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes. The Village has covenanted to take the actions required of it for the interest on the Bonds and Notes to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds and Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and Notes or the market value of the Bonds and Notes.

Interest on the Bonds and Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to the federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). In addition, interest on the Bonds and Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds or Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds and Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond or Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds and Notes ends with the issuance of the Bonds and Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Village or the owners of the Bonds and Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds and Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds and Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds and Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds and Notes.

Prospective purchasers of the Bonds and Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds and Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds and Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds and Notes will not have an adverse effect on the tax status of interest on the Bonds and Notes or the market value or marketability of the Bonds and Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds and Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, the recent federal tax legislation that was enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax (for taxable years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among other things. This legislation may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. Additionally, investors in the Bonds and Notes should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the Bonds and Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds and Notes may be affected and the ability of holders to sell their Bonds and Notes in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds (the “Discount Bonds”) and Notes (the “Discount Notes”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond or Note. The issue price of a Discount Bond or Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds and Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond or Note (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds and Notes, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond or Note. A purchaser of a Discount Bond or Note in the initial public offering at the issue price (described above) for that Discount Bond or Note who holds that Discount Bond or Note to maturity will realize no gain or loss upon the retirement of that Discount Bond or Note.

Certain of the Bonds (“Premium Bonds”) and Notes (“Premium Notes”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond or note premium. For federal income tax purposes, bond or note premium is amortized over the period to maturity of a Premium Bond or Note, based on the yield to maturity of that Premium Bond or Note (or, in the case of a Premium Bond or Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond or Note), compounded semiannually. No portion of that bond or note premium is deductible by the owner of a Premium Bond or Note. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other

disposition of a Premium Bond or Note, the owner's tax basis in the Premium Bond or Note is reduced by the amount of bond or note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond or Note for an amount equal to or less than the amount paid by the owner for that Premium Bond or Note. A purchaser of a Premium Bond or Note in the initial public offering at the price for that Premium Bond or Note stated on the inside cover of this Official Statement, who holds that Premium Bond or Note to maturity (or, in the case of a callable Premium Bond or Note to its earlier call date that results in the lowest yield on that Premium Bond or Note) will realize no gain or loss upon the retirement of that Premium Bond or Note.

Owners of Discount and Premium Bonds and Discount and Premium Notes should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond or note premium, the determination for federal income tax purposes of the amount of OID or bond or note premium properly accruable or amortizable in any period with respect to Discount or Premium Bonds and Notes, other federal tax consequences in respect of OID and bond or note premium, and the treatment of OID and bond or note premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND NOTES

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds and Notes will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the Village. Such opinion will be available at the time of delivery of and payment for the Bonds and Notes and will be to the effect that the Bonds and Notes are valid and legally binding general obligations of the Village, for the payment of which the Village has validly pledged its faith and credit, and all the real property within the Village subject to taxation by the Village, is subject to the levy by the Village of ad valorem taxes, without limitation as to rate or amount, subject to the applicable provisions of Chapter 97 of the Laws of 2011. Chapter 97 of the Laws of 2011 imposes a statutory limit on the power to the Village to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Bonds and Notes. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011 do not diminish the prior lien on the first revenues of the Village set forth in the New York Constitution and established by the aforesaid pledge of the Village's faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds and Notes. Bond Counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011 under the applicable provisions of Article VIII of the New York Constitution.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the Village contained in the record of proceedings relating to the authorization and issuance of the Bonds and Notes, (a) interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum, however, interest on the Bonds and Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to the federal corporate alternative minimum tax (applicable only to taxable year beginning before January 1, 2018) and the Bonds and Notes are not qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, (b) interest on the Bonds and Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) interest on the Bonds and Notes may be subject to certain federal taxes imposed only on certain corporations, and (d) the enforceability of the Bonds and Notes is subject to bankruptcy and other laws affecting creditors' rights and the exercise of judicial discretion.

Closing Certificates

Upon delivery of and payment for the Bonds and Notes, the purchaser of the Bonds and Notes will also receive, without cost, in form satisfactory to Bond Counsel the following, dated as of the date of delivery of and payment for the Bonds and Notes: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds and Notes; (b) a certificate or certificates executed by the officer of the Village who executed the Bonds and

Notes on behalf of the Village stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds and Notes, (2) no authority or proceedings for the issuance of the Bonds and Notes has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement, on the date hereof and on the date of delivery of and payment for the Bonds and Notes, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) the unqualified legal opinion as to the validity of the Bonds and Notes of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, as more fully described under “Legal Matters” herein; (d) a Tax Compliance Certificate executed by the Treasurer of the Village; and (e) a continuing disclosure agreement executed by the Treasurer of the Village for purposes of SEC Rule 15c2-12, as described under the caption “Disclosure Undertaking” herein.

DISCLOSURE UNDERTAKING FOR THE BONDS

This Official Statement is in a form “deemed final” by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Bonds, the Village will provide an executed copy of its undertaking to provide continuing disclosure certificate (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Village for the benefit of holders of and owners of beneficial interests in the Bonds. In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the Village has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement anticipated to be dated February 7, 2019 of the Village relating to the Bonds under the headings “Litigation” and in Appendix A under the headings “The Village”, “Financial Factors”, “Real Property Taxes”, “Village Indebtedness” and “Economic and Demographic Data” and Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2019, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending May 31, 2019; such audit (prepared in accordance with the accounting principles the Village may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Village; (xiii) the consummation of a merger, consolidation, or

acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material, (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material, (xv) incurrence of a “financial obligation” of the Village, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Village, if any, such event reflects financial difficulties..

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

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

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

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

(3) in a timely manner, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The Village’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”) which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Village, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Village to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

Compliance History

In 2014, the Village inadvertently filed late (11 days) a material event for the defeasance of its Public Improvement Serial Bonds, Series 2004A and Public Improvement Serial Bonds, Series 2005B. Such notice was subsequently filed on June 5, 2014.

DISCLOSURE UNDERTAKING FOR THE NOTES

This Official Statement is in a form “deemed final” by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the Village will provide an executed copy of its “Undertaking to Provide Material Event Notices” (the “Undertaking”). Said Undertaking will constitute a

written agreement or contract of the Village for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Village; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a “financial obligation” of the Village, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Village, if any, such event reflects financial difficulties.

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

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

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

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

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

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

Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Village. Due to widespread knowledge of these rating actions, material event notices were not filed by the Village in each instance.

In 2014, the Village inadvertently filed late (11 days) a material event for the defeasance of its Public Improvement Serial Bonds, Series 2004A and Public Improvement Serial Bonds, Series 2005B. Such notice was subsequently filed on June 5, 2014.

MUNICIPAL ADVISOR

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

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

RATING

The Village has applied to Moody's Investor Service ("Moody's") for a rating of the Bonds. Such application is pending at this time. The Village did not apply for a rating of the Notes.

The Village's underlying rating is currently "Aa3."

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center 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 and Notes or the availability of a secondary market for the Bonds and Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Leonie Douglas, Village Treasurer, 222 Grace Church Street, Suite 220, Port Chester, New York 10573, (914) 939-5205, e-mail: ldouglas@portchesterny.com, or from the Village's Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82, Suite 310, Hopewell Junction, New York 12533, (845) 227-8678.

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

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

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

Squire Patton Boggs (US) LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds and Notes, including this Official Statement.

VILLAGE OF PORT CHESTER,
WESTCHESTER COUNTY, NEW YORK

By: _____
Leonie Douglas
Treasurer and Chief Financial Officer

DATED: January 30, 2019

APPENDIX A

THE VILLAGE

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THE VILLAGE

There follows in this Official Statement a brief description of the Village together with certain information concerning its governmental organization, revenues and expenditures, indebtedness and economy.

General Information

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

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

Form of Government

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

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

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

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

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

Services

The Village provides its residents with many of the services traditionally provided by village governments. In addition, the Town and County furnish certain other services. A list of these services provided by the Village are as follows: police protection and law enforcement; fire protection; sewage collection services; refuse collection and incineration; highway and public facilities maintenance; a local justice court that is responsible for enforcing

provisions of the State's Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. Ambulance service is furnished through contract and also by a volunteer ambulance company.

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

Employees

The Village provides services through approximately 242 full-time and part-time employees. The following table shows employee representation by collective bargaining agent and the date of expiration of their respective collective bargaining agreements.

<u>Employees Represented</u>	<u>Bargaining Agent</u>	<u>Contract Expiration Date</u>
63	Port Chester Police Benevolent Association	05-31-21
77	CSEA Local 1000	05-31-20

Employee Benefits

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

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally

had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Village generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2015 for the current year.

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

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-19, the average contribution rates for ERS will decrease from 15.5% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. For ERS, the 2013-14 SCO rate is 12%. The Village does not plan to use the SCO.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$1,268,465	\$2,095,616
2015	1,236,515	1,902,383
2016	1,071,230	1,794,850
2017	985,274	1,888,608
2018	1,015,824	1,980,560
2019 (Budget)	1,019,034	1,942,672

See "Notes to Financial Statements," Note 9 in the audited financial statements hereto.

Other Postemployment Benefits

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

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

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the Village. The Village’s funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund retiree medical benefit obligations. For the 2017-18 fiscal year the Village contributed \$2,442,765.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of May 31, 2018 was \$67,891,842. For the year ended May 31, 2018, the Village’s ARC was \$3,761,853. The Village’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Village’s finances and could force the Village to reduce services, raise taxes or both.

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

FINANCIAL FACTORS

Budgetary Procedure

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

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

Independent Audits

The Village retained the firm of Drescher & Malecki LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended May 31, 2018. Appendix B, attached hereto, presents excerpts from the Village's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal audit.

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

Investment Policy

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

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

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

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

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

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

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

Revenues

The Village derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2014-2018 is presented in Appendix B, hereto. Information for said fiscal year has been excerpted from the Village’s audited financial reports, however, such presentation has not been audited.

Property Taxes. The Village derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 60.0% of total general fund and other governmental funds revenues for the fiscal year ended May 31, 2018.

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

Fund Revenues & Real Property Taxes⁽¹⁾

<u>Fiscal Year Ended May 31:</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Taxes to Revenues</u>
2014	\$35,916,391	\$21,907,073	61.0%
2015	37,405,666	22,554,486	60.3
2016	37,455,258	22,956,142	61.3
2017	37,731,508	22,955,545	61.0
2018	40,102,872	24,062,753	60.0
2019 (Budget)	41,932,438	25,768,096	61.5

(1) General Fund.
Source: Audited Financial Statements and Adopted Budgets of the Village. Summary itself not audited.

State Aid. The Village receives financial assistance from the State. State Aid accounted for approximately 2.0% of the total general fund revenues of the Village in the 2018 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

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

Fund Revenues & State Aid Revenues ⁽¹⁾

Fiscal Year Ended May 31:	Total Revenues	State Aid	State Aid to Revenues
2014	\$35,916,391	\$756,328	2.1%
2015	37,405,666	725,806	1.9
2016	37,455,258	808,017	2.2
2017	37,731,508	825,066	2.2
2018	40,102,872	785,738	2.0
2019 (Budget)	41,932,438	875,181	2.1

(1) General Fund.
Source: Audited Financial Statements and Adopted Budgets of the Village. Summary itself not audited.

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

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2018. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have imposed sales taxes (50%)

In February of 2004, the State Legislature authorized an increase of ½% to the additional 1% 1991 sales tax. The County retains 70% of this amount, the municipalities 20% and the school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2018.

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

General Fund Revenues & Sales Tax ⁽¹⁾

Fiscal Year Ended May 31:	Total Revenues	Sales Tax	Sales Tax to Revenues
2014	\$35,916,391	\$4,155,814	11.6%
2015	37,405,666	4,144,402	11.1
2016	37,455,258	4,218,443	11.3
2017	37,731,505	4,276,667	11.3
2018	40,102,872	4,579,420	11.4
2019 (Budget)	41,932,438	4,420,000	10.5

(1) Total revenues are not inclusive of other financing sources.
Source: Audited Financial Statements Adopted Budgets of the Village. The above summary itself is not audited.

REAL PROPERTY TAXES

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

Assessed and Full Valuations

**Taxable Assessed and Full Valuations
Fiscal Year Ending May 31:**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxable Assessed Valuation	\$2,358,666,946	\$2,377,321,251	\$2,575,609,861	\$2,657,484,238	\$2,767,553,623
State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	\$2,358,666,946	2,377,321,251	2,575,609,861	2,657,484,238	2,767,553,623

Tax Collection Procedures

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

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

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

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

Tax Levy and Collection Record

<u>Fiscal Years Ended May 31:</u>	<u>Taxes Levied For Year</u>	<u>Current Taxes Collected</u>	<u>Current Taxes To Levy</u>
2015	\$22,550,987	\$22,554,486	100.0%
2016	22,913,160	22,956,141	100.0
2017	22,993,840	22,955,545	99.8
2018	24,091,339	24,091,339	100.0
2019	25,768,096	25,729,250	99.8

Note: Uncollected taxes are remitted to the Village by the Town in June of the year subsequent to the levy, thereby making the Village whole. See “Tax Collection Procedure,” herein.

Tax Rates

**Village Tax Rates Per \$1,000 of Assessed Valuation
2015-2019**

Fiscal Year Ending May 31:	Village Tax Rate
2015 (H)	8.63
2015 (NH)	11.17
2016 (H)	8.60
2016 (NH)	11.37
2017 (H)	7.34
2017 (NH)	10.84
2018 (H)	8.02
2018 (NH)	10.81
2019 (H)	8.25
2019 (NH)	11.00

H=Homestead; NH=Non-Homestead.

Property Tax Limit

In accordance with Article 8, Section 10 of the State Constitution, the amount of real property taxes that may be raised by the Village in any fiscal year is limited to two per centum (2%) of the five-year average full valuation of the taxable real estate of the Village plus: (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The following table shows the Constitutional tax margin of the Village for the current fiscal year ended May 31, 2019.

**Constitutional Tax Margin
For Fiscal Year 2018-19**

Average Full Valuation of Taxable Real Property (2015 – 2019)	<u>\$ 2,547,327,184</u>
Constitutional Tax Limit (2% of Average Full Valuation)	<u>50,946,544</u>
Tax Levy	<u>25,768,096</u>
Less Exclusions From Tax Limit:	
Debt Service	<u>4,882,324</u>
Tax Levy Subject to Limit	<u>20,885,772</u>
Tax Margin	<u><u>30,060,772</u></u>
Margin/Limit	<u><u>59.00%</u></u>

Source: Statement of Constitutional Tax Limit for the year ending May 31, 2019.

Ten of the Largest Taxpayers

2018-19

<u>Name</u>	<u>Property Use</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation ⁽¹⁾</u>
DPPC Holdings L.P. ⁽²⁾	Shopping Center	\$68,328,500	6.47%
Consolidated Edison	Utility	64,654,617	6.12
WU/ LH 100-110 Midland LLC ⁽²⁾	Commercial	22,237,200	2.11
Mariner Port Chester	Commercial	22,086,200	2.09
Home Depot USA Inc	Retail	20,383,900	1.93
Longview Owners Inc. ⁽²⁾	Utility	18,881,800	1.79
Castle Port Chester LLC	Commercial	18,824,600	1.78
Suez Water Westchester		18,483,449	1.75
Summit Apartment Corp. ⁽²⁾	Apartments	16,021,700	1.52
Port Chester Project II LLC ⁽²⁾	Commercial	14,519,900	1.37
Total		\$284,421,866	26.93%

(1) Total assessed valuation for 2018-19 is \$2,767,553,623.

(2) Taxpayer has filed tax certiorari proceeding for one or more years. See "Litigation" herein

Source: Village Assessor's Office.

VILLAGE INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Village, subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the

assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Tax Services (the "ORPTS"). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Bonds and Notes. Further, the New York Constitution prohibits the State Legislature from restricting the power of the Village to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the Village's power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Bonds and Notes. See "Legal Matters," "Market Factors," and "Tax Levy Limit Law," herein.

Statutory Procedure

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

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

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

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

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

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

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

Constitutional Debt-Contracting Limitation

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

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

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

**Computation of Debt Contracting Limitation
As of January 16, 2019**

For Fiscal Year Ended May 31:	Assessed Valuations	Equalization Rate (1)	Full Valuations
2015	\$2,358,666,946	100.00%	\$2,358,666,946
2016	2,377,321,251	100.00	2,377,321,251
2017	2,575,609,861	100.00	2,575,609,861
2018	2,657,484,238	100.00	2,657,484,238
2019	2,767,553,623	100.00	<u>2,767,553,623</u>
Total Five-Year Full Valuation			<u>12,736,635,919</u>
Five-Year Average Full Valuation			<u>\$ 2,547,327,183</u>
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			<u><u>\$ 178,312,903</u></u>

(1) ORPTS.

Statutory Debt Limit and Net Indebtedness

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

**Statutory Debt Limit and Net Indebtedness
As of January 16, 2019**

	Amount	Percentage
Debt Contracting Limitation	<u>\$178,312,903</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds	41,907,744	23.50
Bond Anticipation Notes ⁽¹⁾	<u>6,100,803</u>	<u>0.84</u>
Total Gross Debt	48,008,547	24.34
Less:		
Current Unexpended Appropriations for Principal Debt Service (Non-Exempt)	<u>2,077,744</u>	<u>1.17</u>
Net Indebtedness	<u>45,930,803</u>	<u>25.76</u>
Debt-Contracting Margin	<u><u>\$132,382,100</u></u>	<u><u>74.24%</u></u>

(1) Includes \$4,600,426 short-term revolving fund New York State Environmental Facility Authority 0% financing.

Bond Anticipation Notes

The Village currently has \$1,500,377 bond anticipation notes outstanding maturing on February 21, 2019. Proceeds of the Series B Bonds and \$46,500 of funds on hand and will be used to redeem these notes at maturity. (See “Authorization and Purpose of the Series B Bonds” herein.)

<u>Date of Authorization</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
06-02-16	02-21-17	Sewer Improvement	\$ 1,299,923
06-05-17	02-21-18	Sewer Improvement	200,454
			<u>\$1,500,377</u>

Tax and Revenue Anticipation Notes

The Village's cash flow has been sufficient to meet its operating requirements; accordingly, the Village has not required the issuance of revenue anticipation notes or tax anticipation notes.

Trend of Capital Debt

Debt History

<u>Fiscal Year Ended May 31:</u>	<u>Bonds</u>	<u>Bond Anticipation Notes</u>	<u>Total</u>
2014	\$29,745,000	\$ 4,215,000	\$33,960,000
2015	30,655,650	4,075,000	34,730,000
2016	25,570,000	11,425,370	36,995,370
2017	37,210,370	5,998,400	43,208,770
2018	43,927,744	1,500,377	45,428,121

New York State Environmental Facilities Authority

The Village currently has \$4,600,426 of short term 0% hardship financing through the New York State Environmental Facilities Authority (“EFC”). The Village expects to issue an additional \$1,265,000 of short term 0% hardship financing through EFC in 2019. All short-term financing will be converted to long term debt at project completion at 0% interest.

Overlapping and Underlying Debt

Statement of Direct and Overlapping Indebtedness As of January 16, 2019

Gross Direct Indebtedness	\$48,008,547
Exclusions and Deductions	<u>2,077,744</u>
Net Direct Indebtedness	<u>\$45,930,803</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
Westchester County	12-31-18	\$743,980,136	1.53%	\$11,457,294
Town of Rye	12-31-17	7,606,693	38.66	2,940,748
Port Chester-Rye UFSD	07-17-18	15,075,000	80.12	<u>12,078,090</u>
Total				<u><u>\$26,476,132</u></u>

Debt Ratios

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

Direct and Overlapping Debt Ratios As of January 16, 2019

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$45,930,803	\$1,546	1.66%
Net Direct & Overlapping Debt	72,406,935	2,437	2.62

(1) The population of the Village is 29,623 according to 2017 estimated Census information

(2) The full valuation of taxable property for the 2018-19 fiscal year is \$2,767,553,623.

Authorized But Unissued Debt

After the issuance of the Bonds and Notes, the Village will have \$1,265,000 of authorized and unissued debt for sewer purposes. The Village expects to issue this authorization through the New York State Environmental Facilities Authority 0% short-term revolving fund.

The Village issues annually for equipment purchases, capital improvement needs and sewer improvements.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Village's outstanding general obligation bonded indebtedness.

Schedule of Debt Service Requirements

<u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Cumulative % Principal Paid</u>
2019 ⁽¹⁾	\$ 4,097,744	\$ 1,269,112	\$ 5,366,856	9.3%
2020	4,180,000	1,163,111	5,343,111	18.8
2021	4,290,000	1,044,459	5,334,459	28.6
2022	4,005,000	920,310	4,925,310	37.7
2023	3,830,000	802,762	4,632,762	46.4
2024	3,445,000	690,403	4,135,403	54.3
2025	3,540,000	581,941	4,121,941	62.3
2026	2,625,000	486,374	3,111,374	68.3
2027	1,985,000	411,336	2,396,336	72.8
2028	1,820,000	356,041	2,176,041	77.0
2029	1,380,000	302,631	1,682,631	
2030	1,420,000	264,091	1,684,091	
2031	1,450,000	224,431	1,674,431	
2032	720,000	183,931	903,931	
2033	745,000	162,163	907,163	
2034	765,000	139,463	904,463	
2035	785,000	116,150	901,150	
2036	810,000	92,038	902,038	
2037	830,000	66,338	896,338	
2038	165,000	39,800	204,800	
2039	170,000	34,025	204,025	
2040	175,000	28,075	203,075	
2041	180,000	21,950	201,950	
2042	180,000	17,675	197,675	
2043	185,000	13,400	198,400	
2044	150,000	6,000	156,000	
	<u>\$43,927,744</u>	<u>\$9,438,010</u>	<u>\$53,365,754</u>	

(1) As of January 16, 2019, the Village has paid \$2,020,000 in principal and \$643,482 in interest due on serial bonds for the fiscal year ending May 31, 2019.

ECONOMIC AND DEMOGRAPHIC DATA

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

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

Population

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>2000-2010</u>	<u>2010-2017</u>
Village	27,867	28,967	29,623	3.9%	2.3%
Town	43,880	45,928	46,978	4.7	2.3
County	923,459	949,113	975,321	2.8	2.3
State	18,976,457	19,378,102	19,798,228	2.1	2.2

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

Income

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2016</u>	<u>% Change</u>
Village	\$26,744	\$26,834	0.3%
Town	39,563	38,754	(2.0)
County	47,814	49,938	4.4
State	30,948	34,212	10.5

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

Employment

	<u>Average Employed Civilian Labor Force</u>			<u>2000 - 2017</u>	
	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Change</u>	<u>2000-2010</u>
Village	13,800	15,600	16,100	13.0%	3.2%
Town	21,800	23,400	24,200	7.3	3.4
County	445,400	443,500	462,100	(0.4)	4.2
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Village</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	4.9%	5.0%	6.3%	7.7%	7.4%
2014	4.1	4.1	5.1	6.3	6.2
2015	3.8	3.8	4.5	5.3	5.3
2016	3.4	3.5	4.3	4.8	4.9
2017	3.7	3.7	4.6	4.7	4.4
2018 ⁽¹⁾					
Jan	4.8	4.6	4.9	5.1	4.5
Feb	5.0	4.8	5.2	5.1	4.4
Mar	4.3	4.2	4.7	4.8	4.1
Apr	3.3	3.4	4.2	4.3	3.7
May	2.8	2.9	3.8	3.7	3.6
Jun	3.4	3.4	4.1	4.2	4.2
Jul	3.5	3.4	4.1	4.2	4.1
Aug	3.5	3.4	4.1	4.1	3.9
Sep	2.6	2.6	3.6	3.8	3.6
Oct	2.4	2.5	3.3	3.6	3.5
Nov	2.3	2.3	3.2	3.5	3.5
Dec	2.7	2.7	3.4	3.8	3.7

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

Major Private Sector Employers in the County

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

Source: The 2016 Comprehensive Annual Financial Report of Westchester County. Info was compiled by the Westchester Business Journal as of April 2017.

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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VILLAGE OF PORT CHESTER
BALANCE SHEET
GENERAL FUND
UNAUDITED PRESENTATION

AS OF MAY 31:

	2014	2015	2016	2017	2018
ASSETS					
Cash and Cash Equivalents	\$ 5,613,616	\$ 6,385,079	\$ 7,053,166	\$ 6,183,445	\$ 4,978,982
Receivables	805,766	679,875	765,909	885,719	930,895
Due From Other Funds	938,992	641,900	222,093	6,217	6,725
Intergovernmental Receivables	1,734,983	1,773,371	1,648,410	1,825,840	1,928,525
Prepaid Items	394,739	415,532	447,018	473,969	1,689,909
Total Assets	\$ 9,488,096	\$ 9,895,757	\$ 10,136,596	\$ 9,375,190	\$ 9,535,036
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 769,418	\$ 841,149	\$ 710,838	\$ 884,338	\$ 967,317
Accrued Liabilities	619,918	484,182	765,121	657,343	1,194,601
Intergovernmental Payables	0	477,680	470,942	500,698	492,896
Due To Retirement Systems	523,159	0	0	0	0
Due To Other Funds	0	200,000	265,170	22,670	4,007
Unearned Revenues	347,432	262,397	274,790	234,471	260,309
Total Liabilities	2,259,927	2,265,408	2,486,861	2,299,520	2,919,130
Fund Balance:					
Nonspendable	394,739	415,532	447,018	473,969	1,689,909
Restricted	1,785,967	1,787,324	1,788,796	1,735,067	1,640,126
Committed	327,667	763,406	272,421	345,899	657,235
Assigned	369,782	135,636	0	0	0
Unassigned	4,350,014	4,528,451	5,141,500	4,520,735	2,628,636
Total Fund Balance	7,228,169	7,630,349	7,649,735	7,075,670	6,615,906
Total Liabilities and Fund Balance	\$ 9,488,096	\$ 9,895,757	\$ 10,136,596	\$ 9,375,190	\$ 9,535,036

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

Such presentation, however, has not been audited.

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

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

FISCAL YEAR ENDED MAY 31:

	2014	2015	2016	2017	2018
REVENUES:					
Real Property Taxes	\$ 21,907,073	\$ 22,554,486	\$ 22,956,142	\$ 22,955,545	\$ 24,062,753
Real Property Tax Items	875,940	895,612	976,250	1,017,392	954,447
Non-Property Taxes	5,081,774	5,103,503	5,190,878	5,236,719	5,546,627
Departmental Income	3,980,713	4,759,850	4,245,827	4,141,470	4,096,443
Charges for Services	0	0	0	0	0
Use Of Money And Property	381,765	224,927	288,326	285,127	293,939
Licenses And Permits	338,712	368,219	362,643	279,979	446,208
Fines and Forfeitures	2,384,120	2,442,922	2,353,009	2,470,005	3,035,084
Sale Of Property And					
Compensation For Loss	0	0	0	0	0
Interfund Revenues	0	0	0	0	0
State Aid	756,328	725,806	808,017	825,066	785,738
Federal Aid	111,185	97,163	128,328	111,989	124,552
Miscellaneous	98,781	233,178	145,838	408,216	757,081
Total Revenues	35,916,391	37,405,666	37,455,258	37,731,508	40,102,872
EXPENDITURES:					
Current:					
General Government Support	5,614,601	5,638,403	5,691,985	6,317,450	6,619,644
Public Safety	11,393,629	11,216,403	12,041,855	11,619,465	12,380,542
Health	261,723	261,723	261,723	261,723	261,723
Transportation	1,738,358	1,776,077	1,572,580	1,734,800	1,687,357
Economic Assistance And Development	398,744	393,583	385,192	423,609	405,757
Culture And Recreation	1,987,204	1,971,818	2,044,279	2,085,939	2,156,653
Home And Community Services	2,258,869	2,325,764	2,306,355	2,409,183	2,462,720
Employee Benefits	10,051,724	9,954,226	10,016,756	10,528,479	11,237,723
Debt Service	3,494,196	3,474,556	3,681,739	3,871,799	4,868,753
Total Expenditures	37,199,048	37,012,553	38,002,464	39,252,447	42,080,872
Excess of Revenues Over Expenditures	(1,282,657)	393,113	(547,206)	(1,520,939)	(1,978,000)
OTHER FINANCING SOURCES (USES):					
Proceeds of Obligations					
Transfers - In	1,121,442	900,000	1,273,592	1,113,474	1,861,836
Transfers - Out (a)	(460,598)	(890,933)	(707,000)	(166,600)	(343,600)
Total Other Financing Sources (Uses)	660,844	9,067	566,592	946,874	1,518,236
Net Change in Fund Balance	(621,813)	402,180	19,386	(574,065)	(459,764)
Fund Balances - Beginning of Year	7,849,982	7,228,169	7,630,349	7,649,735	7,075,670
Fund Balances - End of Year	\$ 7,228,169	\$ 7,630,349	\$ 7,649,735	\$ 7,075,670	\$ 6,615,906

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

Such presentation, however, has not been audited.

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VILLAGE OF PORT CHESTER
FINAL ADOPTED BUDGETS
GENERAL FUND

	<u>FY Ended</u> <u>May 31, 2018</u>	<u>FY Ended</u> <u>May 31, 2019</u>
ESTIMATED REVENUES:		
Real Property Taxes	\$ 24,091,339	\$ 25,768,096
Other Tax Items	947,546	983,530
Non-Property Tax Items	5,319,716	5,403,958
Departmental Income	3,657,770	3,804,128
Intergovernmental Charges	1,089,675	704,450
Use Of Money and Property	276,150	279,150
Licenses And Permits	252,812	590,288
Fines and Forfeitures	2,888,500	3,236,750
Sale Of Property and Compensation For Loss	110,000	148,000
Miscellaneous	1,100	1,600
State Aid	867,181	875,181
Federal Aid	137,394	137,394
	<u>39,639,183</u>	<u>41,932,525</u>
APPROPRIATIONS		
Fund Balance	450,000	0
W.C Reserves	100,000	630,913
Debt Reserves	100,000	323,000
	<u>100,000</u>	<u>323,000</u>
Total Estimated Revenues And Appropriated Fund Balance	<u>40,289,183</u>	<u>42,886,438</u>
APPROPRIATIONS:		
Current:		
General Government Support	7,045,443	7,761,866
Public Safety	12,128,281	12,284,957
Health	261,723	261,723
Transportation	1,597,133	1,760,510
Economic Opportunity And Development	440,028	445,878
Culture and Recreation	2,293,859	1,871,028
Home and Community Services	2,553,395	2,643,595
Employee Benefits	10,608,803	13,953,190
Debt Service	5,048,087	5,622,476
	<u>41,976,752</u>	<u>46,605,223</u>
Total Appropriations	<u>41,976,752</u>	<u>46,605,223</u>
Excess of Revenues Over Expenditures	<u>(1,687,569)</u>	<u>(3,718,785)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds From Obligations	0	0
Operating Transfers - In	1,737,569	1,858,616
Operating Transfers - Out	(50,000)	(273,000)
	<u>1,687,569</u>	<u>1,585,616</u>
Total Other Financing Sources (Uses)	<u>1,687,569</u>	<u>1,585,616</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ <u>0</u>	\$ <u>(2,133,169)</u>

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APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2018**

**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/ES1237964-ES967185-ES1368115.pdf>

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

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

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