

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

PRELIMINARY OFFICIAL STATEMENT DATED JULY 16, 2019

NEW ISSUE SERIAL BONDS

See “RATING” herein

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

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

VILLAGE OF ARDSLEY WESTCHESTER COUNTY, NEW YORK

\$17,611,890 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2019 SERIES A (the “Bonds”)

Date of Issue: Date of Delivery

Maturity Date: July 15, 2020 – 2041

The Bonds are general obligations of the Village of Ardsley, New York (the “Village”), and will contain a pledge its faith and credit for the payment of the principal of and interest on the Bonds. All the taxable real property within the Village will be subject to the levy of ad valorem taxes, subject to applicable statutory limitations. See “Nature of Obligation” and “Tax Levy Limitation 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”), New York, New York. DTC will act as the securities depository for the Bonds. Individual purchases may be made only in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof, except for one odd denomination in the first maturity, which is or includes \$6,890. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its participants 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 July 15, 2020 and semiannually thereafter on January 15 and July 15 until maturity and will mature on the dates 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 are offered subject to the respective final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds in book-entry form through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed upon with the purchaser will be made on or about July 31, 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”) EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE VILLAGE’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: July __, 2019

The Bonds mature on July 15 in the years and amounts, subject to prior redemption, as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2020	\$516,890	%	%		2031**	\$795,000	%	%	
2021	685,000				2032**	815,000			
2022	690,000				2033**	830,000			
2023	700,000				2034**	850,000			
2024	710,000				2035**	870,000			
2025	720,000				2036**	890,000			
2026	730,000				2037**	910,000			
2027	740,000				2038**	930,000			
2028**	755,000				2039**	955,000			
2029**	765,000				2040**	975,000			
2030**	780,000				2041**	1,000,000			

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

** Subject to optional redemption prior to maturity, as discussed herein. See “*Optional Redemption*” herein.

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

**VILLAGE OF ARDSLEY
WESTCHESTER COUNTY, NEW YORK**

**Nancy Kaboolian
Mayor**

BOARD OF TRUSTEES

Andy DiJusto Trustee, Deputy Mayor

Joann D’Emilio Trustee

Steven Edelstein Trustee

Evan Yager Trustee

Robert J. Ponzini, Esq. Village Attorney

Leslie Tillotson Village Treasurer/Acting Village Clerk

Meredith S. Robson Village Manager

INDEPENDENT AUDITORS

**PKF O’Connor Davies, LLP
Harrison, New York**

BOND COUNSEL

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

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(516) 487-9818**

No dealer, broker, salesman or other person has been authorized by the Village 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village 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 since the date hereon.

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OFFICIAL STATEMENT
VILLAGE OF ARDSLEY
WESTCHESTER COUNTY, NEW YORK

relating to

\$17,611,890

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2019 SERIES A
(the "Bonds")

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the Village of Ardsley, in the County of Westchester, State of New York (the "Village," "County," and "State," respectively), in connection with the sale of \$17,611,890 Public Improvement (Serial) Bonds, 2019 Series A (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the 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 the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable July 15, 2020 and semiannually thereafter on January 15 and July 15 until maturity and will mature on the dates 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"), New York, New York. 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 in the first maturity, which is or includes \$6,890. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

THE RECORD DATE (THE "RECORD DATE") FOR THE BONDS IS THE LAST BUSINESS DAY OF THE CALENDAR MONTH IMMEDIATELY PRECEDING EACH INTEREST PAYMENT DATE

Authority for and Purpose of the Bonds

Authorization. The Bonds are issued pursuant to the Constitution and laws of the State, including the Local Finance Law, and various resolutions adopted by the Village Board of Trustees. Certain details of the Bonds will be prescribed by certificates of the Village Treasurer executed pursuant to powers delegated to her to fix terms, form and contents of the Bonds and to provide for the sale thereof

Purpose. The proceeds of the Bonds, together with \$331,172 of available funds, will be used to redeem \$3,091,045 in bond anticipation notes, which mature on August 1, 2019 and provide \$14,852,017 in original financing for various purposes as detailed in the following schedule:

<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount of the Bonds</u>
Highway Garage – Engineering Costs	\$ 486,145	\$ 243,072	\$ 0	\$ 243,073
Refuse Truck	215,600	9,900	0	205,700
Pick-Up Truck	110,200	5,100	0	105,100
Field Improvements – Pascone Park	48,100	2,200	0	45,900
Road Reconstruction	1,151,700	52,800	0	1,098,900
Acquisition of Land	1,079,300	18,100	0	1,061,200
Parking Lot Lighting (Library)	0	0	30,500	30,500
Heatherdell Road (Concord to Glen Rd.)	0	0	325,000	325,000
Heatherdell Road Guiderail	0	0	300,000	300,000
Tennis Courts Imp.- Pascone Park	0	0	501,000	501,000
2003 Mack/Leach Packer #14 - Replace	0	0	230,000	230,000
Highway Car #2	0	0	58,000	58,000
Ridge Road (Resurfacing)	0	0	362,517	362,517
Flood Control Project	0	0	45,000	45,000
Highway Garage	0	0	13,000,000	13,000,000
	<u>\$ 3,091,045</u>	<u>\$ 331,172</u>	<u>\$14,852,017</u>	<u>\$17,611,890</u>

Optional Redemption

Call Provisions. The Bonds maturing on or before July 15, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on July 15, 2028, and thereafter, will be subject to redemption prior to maturity, at the option of the Village, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after July 15, 2027 at par plus accrued interest to the redemption date.

Notification Procedures. 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).

Book-Entry-Only System

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

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

Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s 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 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 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 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 at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered 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 OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNER.

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

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

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds 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 will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village, subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein.

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

The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

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

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit

of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Tax Levy Limitation Law

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

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

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

MARKET FACTORS

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

There can be no assurance that the State appropriation for State aid to 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 should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond 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 other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Bonds (See "Tax Matters" herein).

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

CYBERSECURITY

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

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

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

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

The most current recent report released by the State Comptroller, for fiscal year ended 2018, designated the Village as "No Designation," with a fiscal score of 3.3% and an environmental score of 20.0%.

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. There are presently no audits reported on the State Comptroller's website, nor any in progress or, completed and expected to be released.

LITIGATION

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

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. For the fiscal years ended May 31, 2018 and 2019, the Village paid tax refunds in the amounts of \$166,466 and \$40,118, respectively. 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.

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

TAX MATTERS

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

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

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, certain legislative proposals in recent years have been made that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds.

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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 July 24, 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 C 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” (as defined in the “Rule”) of the Village, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect bondholders, if material; (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

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.

During March of 2012 the Village issued \$1,211,500 Public Improvement (Serial) Bonds, 2012 to fund various projects, and pledged to annually provide financial statements and annual financial information and operating data, commencing with the fiscal year ending May 31, 2012. However, prior to this issuance, the Village was only obligated to provide such information upon request. Due to an administrative oversight and misunderstanding of the requirement, information was thought to continue to only be required if requested. As such, annual financial information for the fiscal year ended May 31, 2014 was not provided in a timely fashion. A material event notice has since been filed and copies of the corresponding financial statements have also been posted. In July 2015, the Village posted financial information and operating data, which, to the extent possible, included information relating to the fiscal year ended May 31, 2014.

In addition, the audited financial statements for the fiscal year ended May 31, 2016 were not filed timely due to an administrative oversight. An event notice was filed on July 19, 2017. The Village is now aware of the correct requirement and intends to file all information in a timely fashion going forward.

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.

RATING

The Village has applied to Moody’s Investors Service (“Moody’s”) for a rating on the Bonds. Such application is pending at this time.

The Village’s underlying rating on its outstanding bonds is “Aa2.”

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, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Leslie Tillotson, Treasurer, 507 Ashford Avenue, Ardsley, New York 10502, (914) 693-1550, e-mail: ltillotson@ardsleyvillage.com or from the Village’s Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308 Great Neck, New York 11021, (516) 487-9818.

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

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

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

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

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

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

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

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

VILLAGE OF ARDSLEY
WESTCHESTER COUNTY, NEW YORK

By: _____
Leslie Tillotson
Treasurer and Chief Fiscal Officer

DATED: July __, 2019

APPENDIX A

THE VILLAGE

THE VILLAGE

General Information

The Village was incorporated by an act of the State Legislature in 1896. The Village encompasses an area of approximately 1.3 square miles wholly situated in the Town of Greenburgh (the “Town”). New York City is about 15 miles south of the Village. The Village is primarily residential in character with light commercial development along its main street area (U.S. Route 9A). The residential areas of the Village are predominantly single family except for several townhouse and condominium complexes. Commercial properties are mainly small stores and shopping centers, with small service businesses interspersed.

According to interim data obtained from the US Census Bureau (Annual Population Estimates), the estimated population of the Village’s was 4,557 for 2017, which represents an increase of 2.6%, or 105 persons, since the 2010 US Census. Populations in both the County and State showed estimated increases of 2.8% and 2.2%, respectively, over the same period of time. See “Economic and Demographic Data,” herein.

Wealth levels in the Village well exceed those of the County and State. According to the American Community Survey 5-Year Estimate, median family income in the Village for 2017 was \$190,556 compared to \$114,923 and \$77,141 for families in the County and State, respectively. In addition, approximately 77.4% of all families in the Village had annual incomes greater than \$100,000 compared to 56.2% in the County and 38.1% in the State. Per capita money income of Village residents in 2017, according to the American Community Survey 5-Year Estimate, was \$68,138, which was greater than both the County (\$52,049) and the State (\$35,752). See “Economic and Demographic Data,” herein.

The median value for owner occupied Village homes in 2017 was estimated at \$620,200 which was greater than County-wide median of \$513,300 and the State-wide median of \$293,000. See “Economic and Demographic Data,” herein.

Village residents find employment throughout the New York Metropolitan and are generally less dependent on manufacturing related employment than residents of the County or State. Many residents are employed in management or professional positions. Unemployment statistics are not maintained for the Village; however, the number of unemployed persons in the Town, which encompasses the Village, has historically been lower than the County, State or the United States taken as a whole. See “Economic and Demographic Data,” herein.

Form of Government

The Village was established as a municipal government by the State and is vested with the powers and responsibilities inherent in the operation of municipal governments, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property within its boundaries and issue general obligation indebtedness, subject to the provisions of the State’s Real Property Tax Law and Local Finance Law (see “Tax Levy Limitation Law” herein). There is one school district in the Village that has independent power with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town and the County to support programs administered by such governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various State 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.

Elected and Appointed Officials

The Village Board of Trustees is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees and a Mayor, all of whom are elected at large to serve two-year terms. The number of terms which may be served is not limited.

The Village operates with a Village Manager who is appointed by the Village Board of Trustees. The Manager is the Chief Administrative Officer of the Village and is responsible for day-to-day operations. The Manager appoints certain department heads and hires employees. The Manager also serves as the Budget Officer of the Village.

The Mayor 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 Village Board.

The Village Clerk is appointed by the Board for a two-year term. 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 of Trustees. In addition, the Clerk serves as the clerk to the Board of Trustees and various village boards and keeps the records of their proceedings. The Village Clerk is responsible for maintaining the Village code of laws and ordinances as it relates to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations.

The Village Treasurer is appointed by the Board of Trustees for a two-year term. The Treasurer is the Chief Fiscal Officer of the Village. Duties and responsibilities of the position are as follows: maintain the Village’s accounting systems and records including the responsibility to prepare and file an annual financial report with the State Comptroller, custody and investment of Village funds, and debt management. In addition, the Treasurer is the tax collector responsible for collecting and enforcing delinquent Village taxes.

Services

The Village provides its residents with many of the services traditionally provided by village governments in the State. 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; sanitary and storm sewer maintenance; refuse collection (the Village is included within the County Refuse District No. 1); 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. Fire protection is furnished by a volunteer fire department.

Pursuant to State law, the County is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs. The County is also responsible for certain sewer services for which purpose special county districts were established. A community college offering associates degrees in various areas of study is operated by the County.

Employees

The Village employed approximately 46 full-time employees and 28 part-time employees. Certain employees are represented by one of two unions. The below table summarizes the size and contract status of each unit.

Employees Represented	Bargaining Agent	Contract Expiration Date
18	Ardsley Police Benevolent Association	5/31/17 ⁽¹⁾
14	International Brotherhood of Teamsters, Local 887	5/31/22

(1) Currently in negotiation.

Source: Village Officials

Employee Benefits

Substantially all employees of the Village are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”) (ERS and PFRS are referred to collectively hereinafter as the “Retirement System” where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and

the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired 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 anticipates making the fiscal year payment in December.

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 and does not reasonably anticipate amortizing future payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The Village pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

For the State Fiscal Year 2017-18 the contribution rates for ERS and PFRS remain unchanged at the 2016-17 levels. For the State Fiscal Year 2018-19, the average contribution rates decreased. ERS decreased from 15.3% of payroll to 14.9% and the average contribution rate for PFRS decreased from 24.4% to 23.5% of payroll. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

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

Fiscal Year Ended May 31	ERS	PFRS
2014	\$459,088	\$921,038
2015	481,972	586,133
2016	378,960	650,697
2017	383,756	691,508
2018	392,436	749,396
2019 (Budget)	409,953	713,412
2020 (Budget) ⁽¹⁾	383,396	680,729

(1) General Fund (\$346,347) and Library Fund (\$37,049) contributions.

Source: The Audited Financial Statements, the 2019 and 2020 Adopted Budgets and Village officials. The above summary itself is not audited.

See “Notes to Financial Statements- Note 3” in the audited financial statements of the Village.

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 medical benefit obligations. For the 2017 fiscal year the Village contributed \$410,000.

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 June 1, 2017 was \$18,900,000. For the year ended May 31, 2018, the Village’s ARC was \$1,760,000. 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.

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

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

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

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

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

FINANCIAL FACTORS

Budgetary Procedure

The budget process, including preparation, approval and amendment thereof, is determined by Article 8 of the Village Law. As noted, the Village Manager is the Village’s budget officer and is required by law to file a tentative budget with the Village Clerk on or before March 20 of each year. The tentative budget is submitted to the Village Board of Trustees not later than March 20; following review and modification, a preliminary budget hearing is held by the Board of Trustees on or before April 15th.

At this hearing, members of the public may express opinions which the Board of Trustees may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Village Board of Trustees may make changes following the hearing process. The Board of Trustees is required to adopt the final annual budget by May 1. From time to time, the Village Board of Trustees may make changes or modifications in the amount of annual appropriations subject to legal provisions. See the Audited Financial Statements of the Village, “Notes to Financial Statements”.

Summaries of the adopted budgets for the 2019 and 2020 fiscal years are attached as a part of this Official Statement (see “Appendix B,” herein). Full copies of the adopted budgets, including those from previous years, may be obtained by request from the Village Treasurer or from the Village’s Municipal Advisor.

Independent Audits

The Village retained the firm of PKF O’Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended May 31, 2018. A five-year history of certain financial statements is presented, in summary form, in Appendix B hereto. The data presented in these summaries are derived from the Village’s audited financial statements. However, the summaries are not complete presentations in that the notes to the financial statements and the auditors’ report thereon have not been included. Accordingly, such statements are not considered as audited under accounting principles generally accepted in the United States of America. Copies of the Village’s audited financial statements will be made available upon request to the Village or its Municipal Advisor.

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. There are presently no audits reported on the States website. See “The State Comptroller’s Fiscal Stress Monitoring System,” 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 two 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.

Financial Operations

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting village governments including 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.

The Village Board of Trustees enacts, by resolution, all legislation including local laws. Annual operating budgets for the Village must be approved by the Board of Trustees; modifications and transfers between budgetary appropriations also must be authorized by the Board of Trustees. The original issuance of all Village indebtedness is subject to approval by the Village Board.

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 years 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 Balances Governmental Funds" in the audited financial statements for the year ended May 31, 2018). Property taxes accounted for approximately 77.0% of General Fund revenue, excluding other financing sources, for the fiscal year ended May 31, 2018.

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The following table sets forth General Fund revenue and real property taxes received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

General Fund Revenue & Real Property Taxes⁽¹⁾

<u>Fiscal Year Ended May 31:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>Real Property Taxes</u>	<u>Taxes to GF Revenues</u>
2014	\$11,238,774	\$ 8,581,304	76.4%
2015	11,714,279	9,198,554	78.5
2016	11,924,629	9,491,323	79.6
2017	12,548,607	9,696,319	77.3
2018	12,911,079	9,942,305	77.0
2019 (Budget)	12,837,626	10,560,944	82.3
2020 (Budget)	13,474,785	11,163,868	82.9

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statement, the Adopted Budgets and Village officials. The summary itself has not been audited.

State Aid. The Village receives financial assistance from the State. State aid accounted for approximately 1.9% of General Fund revenue, excluding other financing sources, during 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, 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. (See also “Market Factors,” herein.)

The following table sets forth General Fund revenue and State aid revenues received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

General Fund Revenue & State Aid Revenue ⁽¹⁾

<u>Fiscal Year Ended May 31:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid To General Fund Revenue</u>
2014	\$11,238,774	\$254,105	2.3%
2015	11,714,279	247,002	2.1
2016	11,924,629	275,035	2.3
2017	12,548,607	173,338	1.4
2018	12,911,079	241,215	1.9
2019 (Budget)	12,837,626	275,975	2.1
2020 (Budget)	13,474,785	266,150	2.0

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statements, the Adopted Budgets and Village officials. The summary itself has not been 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, 2020. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, 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, 2020.

In April of 2019, the State Legislature authorized an increase of 1% to the County sales tax, raising the rate to 8.375% in County localities other than cities. The rate increase is effective as of August 1, 2019 and expires on November 30, 2020.

The following table sets forth total General Fund revenue and sales taxes received for each of the past five fiscal years and the amounts budgeted for the two most recent fiscal years.

General Fund Revenue & Sales Tax

<u>Fiscal Year Ended May 31:</u>	<u>General Fund Revenue</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenue</u>
2014	\$11,238,774	\$638,715	5.7%
2015	11,714,279	636,962	5.4
2016	11,924,629	648,341	5.4
2017	12,548,607	657,290	5.2
2018	12,911,079	702,437	5.4
2019 (Budget)	12,837,626	680,000	5.3
2020 (Budget)	13,474,785	700,000	5.2

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statements, the Adopted Budgets and Village officials. The summary itself has not been audited.

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REAL PROPERTY TAXES

Property Tax Limit

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. See "Tax Levy Limitation Law" herein.

Constitutional Tax Margin For Fiscal Year 2019-20

Five-Year Average Full Valuation ⁽¹⁾	<u>\$1,022,311,673</u>
Tax Limit (2% of Average Full Valuation)	<u>20,446,233</u>
Tax Levy	11,163,868
Total of Items Excluded from Tax Limit	<u>1,311,427</u>
Tax Levy Subject to Tax Limit	<u>9,852,441</u>
Constitutional Tax Margin	<u><u>10,593,792</u></u>
Margin / Limit	<u><u>51.81%</u></u>

(1) A revaluation of properties took effect for the 2017-2018 fiscal year
Source: Statement of Constitutional Tax Limit for the year ending May 31, 2020 and Village officials.

Tax Collection Procedures

The Village Board of Trustees levies real property taxes pursuant to resolution and such taxes become a lien on the first day of June. Taxes may be paid in two installments in the months of June and December. The first installment may be paid without penalty through June 30. The second installment must be paid by December 31 in order to avoid the penalty. Payments made after the due dates must include a 5% penalty for the first month or fraction thereof and an additional 1% penalty for each month or part of a month thereafter. The annual tax warrant expires on February 1st at which time the Treasurer files a listing of unpaid taxes with the Village Board of Trustees. Tax liens are filed with the County on April 1 each year. The Town may commence foreclosure proceeding two years after the filing of the tax liens.

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Real Property Tax Statistics

Valuations, Tax Rates and Tax Levies Fiscal Years Ended May 31:

Fiscal Year Ending May 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Rate Per \$1,000 Assessed Valuations	\$ 307.23	\$ 314.57	\$ 323.96	\$ 9.66	\$ 9.79
Real Property Tax Levy	9,258,218	9,474,086	9,723,969	10,082,143	10,512,471
Tax Collections Current Year	9,159,259	9,390,770	9,648,658	9,550,715	10,412,362
% Collected Current Year	98.9%	99.1%	99.1%	94.7%	99.0%
Unpaid Taxes End of Year	\$ 98,959	\$ 83,316	\$82,502	\$ 97,943	\$ 100,109

Source: Village Officials.

Ten of the Largest Taxpayers

The following table set forth the property assessments and tax liability of the Village's larger taxpayers as shown on the tax roll used to levy real property taxes for the 2018-19 fiscal year.

Larger Taxpayers in the Village 2018-19 Fiscal Year Collections

<u>Name</u>	<u>Industry</u>	<u>Taxable Assessed Valuations ⁽¹⁾</u>	<u>Percentage Total Taxable Assessed Valuations ⁽²⁾⁽³⁾</u>
OLSL Ardsley	Senior Housing	\$ 36,367,300	3.25%
Con Edison	Utility	20,204,100	1.81
Ardsley Associates LLC	Mall	10,640,900	0.95
Lock Up Ardsley, LLC	Storage Facility	11,751,600	1.05
Con Edison	Utility	7,043,400	0.63
Suez Water	Utility	8,495,900	0.76
Ardsley Mall Inc.	Mall	7,132,900	0.64
American Sports Group LLC	Sport Facility	6,866,400	0.61
Ardsley Associates	Mall	4,060,800	0.36
Apple Motor Inn LLC	Motel	3,974,100	0.36
Total		<u>\$116,537,400</u>	<u>10.42%</u>

(1) A revaluation of properties took effect for the 2017-18 fiscal year

(2) According to Village officials, the total taxable assessed valuation for the 2019-20 fiscal year is \$1,117,352,982.

(3) The listed percentages may not be exact due to rounding.

Source: Village officials.

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 percentum 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.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Village Board of Trustees, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Village Board 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 resolutions 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 of Trustees 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 has a debt contracting limitation equal to seven percent (7%) of average full valuation (See also “Constitutional Requirements, Debt Limit,” herein). See also “Tax Levy Limitation 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 July 16, 2019)**

Assessment Roll Filed	Years Ended May 31:	Assessed Valuation	State Equalization Rate ⁽¹⁾	Full Valuation
2015	2016	30,117,144	3.33	904,418,739
2016	2017	30,015,802	3.09	971,385,178
2017	2018	1,044,209,208	100.00	1,044,209,208
2018	2019	1,074,192,259	100.00	1,074,192,259
2019	2020	1,117,352,982	100.00	1,117,352,982
Total Five-Year Full Valuation				\$ 5,111,558,366
Five-Year Average Full Valuation				1,022,311,673
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				\$ 71,561,817

(1) Final rates as established by the New York State ORPTS.
(2) A revaluation of properties took effect for the 2017-18 fiscal year

Source: Village Officials

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		
<u>(as of July 16, 2019)</u>		
Full Valuation of Taxable Real Property (5 Year Average)		\$1,022,311,673
Debt Limit (7% of 5-Year Average Full Valuation)		71,561,817
Outstanding Indebtedness:		
Serial Bonds	\$5,995,000	
Bond Anticipation Notes	<u>3,091,045</u>	
Total Gross Indebtedness		9,086,045
Less Exclusions:		
Unexpended Appropriations To		
Pay Non-Exempt Principal Debt	<u>555,000</u>	
Total Exclusions		555,000
Total Net Indebtedness		<u>8,531,045</u>
Net Debt-Contracting Margin		<u>\$ 63,030,772</u>
Percentage of Debt-Contracting Margin Exhausted		<u>11.92%</u>

Tax and Revenue Anticipation Notes

The Village is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year. Similarly, deficiency notes may be issued to finance a deficiency in any fund or funds arising from revenues being less than the amount issued in the budget and must be fully redeemed no later than the close of the second fiscal year succeeding the fiscal year in which the notes were first issued. Borrowings for these purposes are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code. Tax or revenue notes may be renewed from time to time but generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes.

The Village has not issued tax anticipation notes, revenue anticipation notes or budget or deficiency notes during the last five fiscal years and does not anticipate the need to issue such notes in the foreseeable future.

Bond Anticipation Notes

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

The following table presents a summary of the Village’s bond anticipation notes.

**Bond Anticipation Notes – End of Year
Fiscal Years Ended May 31:**

2015	2016	2017	2018	2019
\$1,794,500	\$1,170,200	\$1,063,089	\$3,463,317	\$3,091,045

Source: The Audited Financial Statements of the Village. The summary itself has not been audited.

Trend of Capital Debt

Debt History - Fiscal Years 2015 Through 2019

Years Ended May 31:	Bonded Debt
2015	\$ 4,915,000
2016	7,879,370
2017	7,195,000
2018	6,535,000
2019	5,995,000

Lease Purchase Obligations

The Village from time-to-time acquires or constructs capital assets pursuant to financing leases or installment purchase contracts as such leases are described under State law. Under State law, installment purchase contracts are deemed to be executory only to the extent that moneys have been appropriated and are available therefor. Such contracts do not constitute general obligations of the Village secured by a faith and credit pledge of the Village’s taxing powers. However, installment purchase contracts are considered to be chargeable debt for purposes of computing the Village’s debt limitation prescribed by Section 104.00 of the Local Finance Law.

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Overlapping and Underlying Debt

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt of the County including special County Districts, the Town of Greenburgh and the Ardsley Union Free School District. Such taxpayers' share of this overlapping debt is based upon the amount of the Village's equalized property values taken as a percentage of each separate units' total values. The following table presents the estimated amount of overlapping debt and the Village's share thereof; authorized but unissued debt has not been included.

**Estimated Overlapping Indebtedness
(as of July 16, 2019)**

Village Gross Direct Indebtedness	\$ 9,086,045
Village Exclusions and Deductions	<u>555,000</u>
Village Net Direct Indebtedness	<u>\$ 8,531,045</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	04-16-19	\$754,477,067	1.97%	\$ 14,863,198
Town of Greenburgh	09-16-18	56,888,000	5.55	3,157,284
Ardsley UFSD	06-26-18	25,275,000	44.43	<u>11,229,683</u>
Total				<u><u>\$ 29,250,165</u></u>

Source: County, Town and School District officials and the Municipal Securities Rulemaking Board.

Debt Ratios

The following Table presents certain debt ratios relating to the Village's indebtedness.

**Direct and Overlapping Debt Ratios
(as of July 16, 2019)**

	<u>Amount</u>	<u>Debt Per-Capita ⁽¹⁾</u>	<u>Debt to Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$ 8,531,045	\$1,872	0.76%
Net Direct and Overlapping Debt	37,781,210	8,291	3.38

(1) The Village's population, according to interim 2017 US Census date is estimated at 4,557.

(2) According to Village officials, the full valuation of the Village for the year ended May 31, 2019 is \$1,117,352,982.

Authorized but Unissued Debt

Following issuance of the Bonds, the Village will have no authorized but unissued debt. A full copy of the Village Capital Improvement Plan can be found on its official website.

Debt Service Schedule

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

Schedule of Debt Service Requirements

Years Ending May 31:	Principal	Interest	Total	Cumulative Principal Paid
2020 ⁽¹⁾	\$555,000	\$162,550	\$717,550	16.76
2021	520,000	144,900	664,900	24.71
2022	500,000	129,000	629,000	32.36
2023	475,000	114,688	589,688	39.63
2024	475,000	99,738	574,738	46.90
2025	475,000	85,963	560,963	54.17
2026	480,000	74,088	554,088	61.51
2027	495,000	61,875	556,875	69.09
2028	400,000	49,263	449,263	75.21
2029	405,000	39,188	444,188	81.41
2030	410,000	28,450	438,450	87.68
2031	345,000	18,100	363,100	92.96
2032	250,000	10,150	260,150	96.79
2033	55,000	5,994	60,994	97.63
2034	55,000	4,206	59,206	98.47
2035	50,000	2,500	52,500	99.23
2036	50,000	844	50,844	100.00%
	<u>\$ 5,995,000</u>	<u>\$1,031,497</u>	<u>\$ 7,026,497</u>	

(1) As of July 16, 2019, the Village has paid \$-0- in principal and \$-0- in interest for bond payments due in the fiscal year ending May 31, 2020.

ECONOMIC AND DEMOGRAPHIC DATA

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	4,269	4,452	4,557	4.3%	2.4%
County	923,459	949,113	975,321	2.8	2.8
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

Per Capita Money Income

	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Village	\$54,923	\$68,138	24.1%
Town	54,963	62,358	13.5
County	47,814	52,049	8.9
State	30,948	35,752	15.5

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

Median Income of Families

2017

	<u>Median Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Village	\$190,556	3.5%	5.3%	4.4%	9.4%	77.4%
Town	150,082	4.0	8.0	8.9	9.4	69.9
County	114,923	8.9	12.9	11.7	10.2	56.2
State	77,141	14.6	18.1	16.1	13.1	38.1

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

Employment

Average Employed Civilian Labor Force

2000 - 2018

	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2018</u>
Town	46,200	44,300	47,300	(4.1)%	6.8%
County	445,400	443,500	465,500	(0.4)	5.0
State	8,718,700	8,769,700	9,311,400	0.6	6.2

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2012	6.5%	7.3%	8.5%	8.1%
2013	5.6	6.3	7.7	7.4
2014	4.5	5.1	6.3	6.2
2015	4.0	4.5	5.3	5.3
2016	3.8	4.3	4.9	4.9
2017	4.0	4.5	4.7	4.4
2018	3.4	3.9	4.1	3.9
2019 ⁽¹⁾				
Jan	3.3	3.9	4.6	4.4
Feb	3.3	3.8	4.4	4.1
Mar	3.2	3.6	4.1	3.9
Apr	2.8	3.2	3.6	3.3
May	3.2	3.4	3.8	3.4

(1) Monthly Rate

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

The following table presents a listing of certain major employers located in the County.

Major Private Sector Employers in the County

Name of Business	Nature of The Business
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
Westchester Medical Center	Hospital and health care services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
White Plains Hospital	Hospital and health care services
New York-Presbyterian	Hospital and health care services

Source: Westchester Business Journal as of April 2018.

Financial Institutions

Various banking facilities are available in the Village and adjacent areas including Astoria Bank, JPMorgan Chase Bank NA and Wells Fargo Bank NA. As of June 30, 2018, total funds deposited in Village banks were approximately \$472.6 million according to the Federal Deposit Insurance Corporation.

Transportation

The Village is served by all major forms of transportation. Highway facilities include the New York State Thruway, Saw Mill River Parkway, Sprain Parkway and U.S. Route 9A. Commuter rail transportation is provided by the Hudson and Harlem Line Division of the Metro North Railroad. Freight rail service is provided by Conrail. Domestic and international airline service is available at the New York airports (LaGuardia Airport, Newark Airport and Kennedy International Airport) which are located less than one hour by automobile. The County Airport serving primary U.S. cities is located about 15 miles from the Village limits.

Utilities

Consolidated Edison Company and NYSEG provide residents with basic utilities. Sewer service is provided by the Village (sewer lines) and County (sewage treatment). Water is provided by the privately owned SUEZ.

The Village is a part of the County Refuse District No. 1 which operates a mass-burn resource recovery facility in the City of Peekskill located in the northwest corner of the County. Properties located in the County Refuse District, including the Village, are subject to annual assessments to pay service charges for processing solid waste as well as operating and capital expenses of such district.

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Housing Data

Housing Stock 2000 - 2017

	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Village	1,456	1,639	1,679	12.6%	2.4%
Town	34,084	35,452	35,349	4.0	(0.3)
County	349,445	370,821	373,236	6.1	0.7
State	7,679,307	8,108,103	8,255,911	5.6	1.8

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

Median Housing Values and Rents 2017

	% Constructed 2010-2017	Median Value	Median Rents	Occupancy Status		
		Owner Occupied Units	Renter Occupied Units	Owner Occupied	Renter Occupied	Vacant
Village	0.7%	\$620,200	\$1,313	78.3%	18.1%	3.6%
Town	1.2	552,200	1,721	68.3	25.6	6.1
County	1.1	513,300	1,444	57.0	35.7	7.3
State	1.7	293,000	1,194	47.8	40.7	11.5

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

END OF APPENDIX A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

VILLAGE OF ARDSLEY
BALANCE SHEET
GENERAL FUND
UNAUDITED PRESENTATION

	AS OF MAY 31:				
	2014	2015	2016	2017	2018
ASSETS					
Cash and Equivalents	\$ 505,519	\$ 1,585,666	\$ 2,281,361	\$ 3,160,956	\$ 3,878,959
Investments	0	0	0	1,205,680	1,452,380
Taxes Receivable (Net)	87,405	86,937	164,397	188,466	261,370
Other Receivables:					
Accounts	90,856	92,852	139,167	184,915	118,276
State and Federal Aid	61,606	101,303	88,350	117,297	65,878
Due From Other Governments	636,460	500,987	877,839	422,238	438,970
Due From Other Funds	159,323	21,982	67,469	2,190	262,072
Prepaid Expenditures	11,125	0	96,150	0	2,417
Total Assets	\$ 1,552,294	\$ 2,389,727	\$ 3,714,733	\$ 5,281,742	\$ 6,480,322
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 320,037	\$ 172,710	\$ 434,028	\$ 329,027	\$ 340,685
Accrued Liabilities	33,297	206,369	147,242	168,591	237,218
Due To Other Funds	0	249,604	233,369	125,230	522,219
Due To Retirement Systems	217,469	202,853	130,921	130,921	166,585
Deferred Inflows of Resources:					
Deferred Tax Revenues	0	0	0	0	0
Deferred Revenues	0	0	0	0	0
Total Liabilities	570,803	831,536	945,560	753,769	1,266,707
Deferred Inflows of Resources:					
Deferred Tax Revenues	58,432	85,708	154,586	182,236	245,195
Total Liabilities & Deferred Inflows of Resources	629,235	917,244	1,100,146	936,005	1,511,902
Fund Balance:					
Nonspendable	11,125	0	96,150	0	2,417
Restricted	389,825	391,774	393,733	1,639,586	1,960,054
Assigned	83,258	111,495	120,659	127,373	136,082
Unassigned	438,851	969,214	2,004,045	2,578,778	2,869,867
Total Fund Balance	923,059	1,472,483	2,614,587	4,345,737	4,968,420
Total Liabilities, Deferred Inflows of Resources And Fund Balance	\$ 1,552,294	\$ 2,389,727	\$ 3,714,733	\$ 5,281,742	\$ 6,480,322

The financial data presented on this page has been excerpted from the audited financial statements of the Village. The summary itself is not audited

(1) Beginning with the fiscal year ending May 31, 2012, GASB Statement # 54 required a new categorization of Fund Equity. See prior page for previous years.

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

VILLAGE OF ARDSLEY
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	\$ 8,581,304	\$ 9,198,554	\$ 9,491,323	\$ 9,696,319	\$ 9,942,305
Other Tax Items	36,191	34,627	35,877	30,714	30,219
Non-Property Taxes	870,909	850,346	857,782	913,134	1,001,443
Departmental Income	874,708	845,066	588,550	645,736	622,637
Net Change in Fair Value of Investments	0	0	0	164,826	146,202
Use Of Money And Property	3,237	2,488	2,274	2,758	22,675
Licenses And Permits	198,205	192,159	163,168	427,498	289,058
Fines and Forfeitures	99,572	97,650	83,769	85,635	127,413
Sale Of Property And Compensation For Loss	20,065	42,649	81,254	42,176	195,769
State Aid	254,105	247,002	275,035	173,338	241,215
Federal Aid	125,000	162,373	98,349	161,159	77,795
Miscellaneous	175,478	41,365	247,248	205,314	214,348
Total Revenues	11,238,774	11,714,279	11,924,629	12,548,607	12,911,079
EXPENDITURES:					
Current:					
General Government Support	1,644,649	1,426,640	1,577,162	1,814,957	1,967,263
Public Safety	3,654,104	3,410,023	3,623,019	3,913,732	3,839,962
Health	155,614	151,275	143,371	114,037	137,811
Transportation	658,813	586,322	1,039,837	1,139,408	1,219,982
Economic Opportunity And Development	38,471	35,893	7,944	10,404	12,070
Culture And Recreation	194,001	188,325	222,361	268,243	281,076
Home And Community Services	1,081,124	1,145,344	568,014	479,926	505,374
Employee Benefits	3,023,221	2,709,402	2,755,140	2,802,396	3,158,352
Debt Service	614,885	615,549	609,936	1,001,574	873,952
Total Expenditures	11,064,882	10,268,773	10,546,784	11,544,677	11,995,842
Excess of Revenues Over Expenditures	173,892	1,445,506	1,377,845	1,003,930	915,237
OTHER FINANCING SOURCES (USES):					
Refunding Bonds Issued	0	0	0	2,945,000	0
Payment to refunded bond escrow agent	0	0	0	(3,107,299)	0
Issuance Premium	0	0	0	240,638	0
Transfers - In	0	18,164	1,111	168,362	398,140
Transfers - Out	(733,970)	(914,246)	(236,852)	(657,785)	(690,694)
Total Other Financing Uses	(733,970)	(896,082)	(235,741)	(411,084)	(292,554)
Net Change In Fund Balance	(560,078)	549,424	1,142,104	592,846	622,683
Fund Balances - Beginning of Year	1,483,137	923,059	1,472,483	2,614,587	4,345,737
Change in Accounting Principle	0	0	0	1,138,304	
Fund Balances - End of Year	\$ 923,059	\$ 1,472,483	\$ 2,614,587	\$ 4,345,737	\$ 4,968,420

The financial data presented on this page has been excerpted from the audited financial statements of the Village. The summary itself is not audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF ARDSLEY
 FINAL ADOPTED BUDGET FOR OPERATING FUNDS
 YEAR ENDING MAY 31, 2019

	General Fund
ESTIMATED REVENUES:	
Real Property Taxes	\$ 10,560,944
Other Tax Items	36,600
Non-Property Tax Items	944,000
Departmental Income	238,200
Intergovernmental Charges	361,657
Use Of Money and Property	3,000
Licenses And Permits	165,000
Fines and Forfeitures	100,000
Sale Of Property and Compensation for Loss	17,250
Interfund Transfers	0
State Aid	275,975
Federal Aid	125,000
Miscellaneous	10,000
	12,837,626
Total Estimated Revenues	12,837,626
APPROPRIATIONS:	
Current:	
General Government Support	\$ 2,204,066
Public Safety	3,724,581
Public Health	163,690
Transportation	1,479,463
Economic Opportunity and Development	14,400
Culture and Recreation	310,854
Home and Community Services	541,737
Employee Benefits	3,311,863
Debt Service	1,137,228
	12,887,882
Total Appropriations	12,887,882
Excess (Deficiency) of Revenues Over Expenditures	(50,256)
OTHER FINANCING SOURCES (USES):	
Operating Transfers - In	0
Operating Transfers - Out	(264,796)
	(264,796)
Total Other Financing Sources (Uses)	(264,796)
Appropriation of Fund Balance	\$ 315,052

VILLAGE OF ARDSLEY
 FINAL ADOPTED BUDGET FOR OPERATING FUNDS
 YEAR ENDING MAY 31, 2020

	General Fund
ESTIMATED REVENUES:	
Real Property Taxes	\$ 11,163,868
Other Tax Items	36,600
Non-Property Tax Items	947,000
Departmental Income	237,050
Intergovernmental Charges	353,117
Use Of Money and Property	10,000
Licenses And Permits	184,000
Fines and Forfeitures	135,000
Sale Of Property and Compensation for Loss	12,000
Interfund Transfers	0
State Aid	266,150
Federal Aid	125,000
Miscellaneous	5,000
	13,474,785
Total Estimated Revenues	13,474,785
APPROPRIATIONS:	
Current:	
General Government Support	\$ 2,410,932
Public Safety	3,794,989
Public Health	153,132
Transportation	1,462,317
Economic Opportunity and Development	17,042
Culture and Recreation	410,054
Home and Community Services	559,087
Employee Benefits	3,446,888
Debt Service	1,133,727
	13,388,168
Total Appropriations	13,388,168
Excess (Deficiency) of Revenues Over Expenditures	86,617
OTHER FINANCING SOURCES (USES):	
Operating Transfers - In	0
Operating Transfers - Out	(333,487)
	(333,487)
Total Other Financing Sources (Uses)	(333,487)
Appropriation of Fund Balance	\$ 246,870

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
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/ES1349981.pdf>

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

*** PKF O'Connor Davies, LLP has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

July 31, 2019

Village of Ardsley,
County of Westchester,
State of New York

Re: Village of Ardsley, Westchester County, New York,
\$17,611,890 Public Improvement (Serial) Bonds, 2019 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$17,611,890 Public Improvement (Serial) Bonds, 2019 Series A (the "Obligations"), of the Village of Ardsley, Westchester County, New York (the "Obligor"), dated July 31, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ and ____ hundredths per centum (____%) per annum, payable on July 15, 2020 and semi-annually thereafter on January 15 and July 15, and maturing in the amount of \$ _____ on July 15, 2020, \$ _____ on July 15, 2021, \$ _____ on July 15, 2022, \$ _____ on July 15, 2023, \$ _____ on July 15, 2024, \$ _____ on July 15, 2025, \$ _____ on July 15, 2026, \$ _____ on July 15, 2027, \$ _____ on July 15, 2028, \$ _____ on July 15, 2029, \$ _____ on July 15, 2030, \$ _____ on July 15, 2031, \$ _____ on July 15, 2032, \$ _____ on July 15, 2033, \$ _____ on July 15, 2034, \$ _____ on July 15, 2035, \$ _____ on July 15, 2036, \$ _____ on July 15, 2037, \$ _____ on July 15, 2038, \$ _____ on July 15, 2039, \$ _____ on July 15, 2040 and \$ _____ on July 15, 2041.

Obligations maturing on or before July 15, 2027 are not subject to redemption prior to maturity. Obligations maturing on or after July 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Obligor, on any date on or after July 15, 2027, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

We have examined:

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

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

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

In our opinion:

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that

future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

/S/ORRICK, HERRINGTON & SUTCLIFFE LLP