

**NEW ISSUES
SERIAL BONDS**

RATING: See "RATING" herein

In the opinion of Barclay Damon LLP, Bond Counsel to the Town, under existing law, and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Town, the Brewster Public Library and others described herein, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code. In the opinion of Barclay Damon LLP, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under the Code. Barclay Damon LLP is further of the opinion that, under existing statutes, 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). See the caption "TAX MATTERS" herein.

The Town **will** designate the Series A Bonds as "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Code.

**TOWN OF SOUTHEAST
PUTNAM COUNTY, NEW YORK**

\$4,102,134*

**PUBLIC IMPROVEMENT (SERIAL) BONDS – 2019 SERIES A
(the "Series A Bonds")**

Date of Issue: Date of Delivery

Maturity Dates: August 15, 2020 – 2044

\$306,000*

**PUBLIC IMPROVEMENT (SERIAL) BONDS – 2019 SERIES B (FEDERALLY TAXABLE)
(the "Series B Bonds" and together with the Series A Bonds, the "Bonds")**

Date of Issue: Date of Delivery

Maturity Dates: August 15, 2020 – 2029

The Bonds are general obligations of the Town of Southeast, Putnam County, New York (the "Town"). The Town has pledged its faith and credit for the payment of the principal of and interest on the Bonds and, unless paid from other sources, the Bonds are payable from *ad valorem* taxes which, may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. See "The Bonds – Tax Levy Limitation Law," herein.

At the option of the purchaser of each Series, the Bonds of that Series will be issued in (i) certificated registered form registered in the name of the successful bidder as a statutory installment bond (SIB) (ii) registered certificated form with one bond for each maturity or (iii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

If the Bonds of a Series are issued as SIBs they will be registered in the name of the successful bidder, with a single bond certificate issued for the Bonds of the Series.

Principal of and interest on such certificated Bonds will be payable in Federal Funds by the Town to the registered owner.

If the Bonds will be issued in registered book-entry only form they 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 or integral multiples thereof, except for one necessary odd denomination in the Series A Bonds which includes \$2,134 maturing in 2020 and one necessary odd denomination in the Series B Bonds which includes \$1,000 maturing in 2020. 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 Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "Book-Entry-Only System" herein.

The Bonds will be dated their Date of Delivery, will bear interest from such date payable August 15, 2020 and semiannually thereafter on February 15 and August 15 until maturity and will mature on August 15 in the years and amounts as set forth on the inside cover page hereof. The Series A Bonds are subject to optional redemption prior to maturity. The Series B Bonds are not subject to redemption prior to maturity. (See "Optional Redemption" herein).

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective final approving opinions of Barclay Damon LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds. It is expected that delivery of the Bonds in book-entry form through the facilities of DTC in New York, New York or as otherwise agreed upon with the purchaser will be made on or about August 16, 2019.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED TO BE FINAL BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE "UNDERTAKING TO PROVIDE DISCLOSURE UNDERTAKING" HEREIN.

Dated: August __, 2019

*Preliminary, subject to change.

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.

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

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield Or Price</u>	<u>CUSIP Number</u>
2020	\$ 82,134			
2021	130,000			
2022	130,000			
2023	140,000			
2024	140,000			
2025	145,000			
2026	145,000			
2027	155,000			
2028**	160,000			
2029**	160,000			
2030**	170,000			
2031**	175,000			
2032**	180,000			
2033**	185,000			
2034**	190,000			
2035**	195,000			
2036**	200,000			
2037**	210,000			
2038**	215,000			
2039**	220,000			
2040**	150,000			
2041**	150,000			
2042**	155,000			
2043**	160,000			
2044**	160,000			

* The principal maturities of the Series A Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Bond Sale with respect to premium.

** Subject to optional redemption prior to maturity as described herein.

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

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield Or Price</u>	<u>CUSIP Number</u>
2020	\$16,000			
2021	25,000			
2022	30,000			
2023	30,000			
2024	30,000			
2025	30,000			
2026	35,000			
2027	35,000			
2028	35,000			
2029	40,000			

*The principal maturities of the Series B Bonds are subject to adjustment following their sale pursuant to the terms of the accompanying Notice of Bond Sale with respect to premium.

**TOWN OF SOUTHEAST
PUTNAM COUNTY, NEW YORK**

**Tony Hay
Supervisor**

TOWN BOARD

Edwin Alvarez Councilman
Lynne Eckardt..... Councilwoman
Eric Larca..... Councilman
John Lord Councilman

TOWN OFFICIALS

Ron Hund..... Town Accountant
Michele Stancati..... Town Clerk
Laurie Bell Town Assessor
Willis H. Stephens, Jr., Esq..... Legal Counsel

BOND COUNSEL

**Barclay Damon LLP
New York, New York**

INDEPENDENT AUDITORS

**EFPR Group CPAs, LLC
Williamsville, New York**

MUNICIPAL ADVISOR



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

No person has been authorized by the Town of Southeast, New York to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. 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 to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Southeast since the date hereof.

TABLE OF CONTENTS

	<i>Page.</i>		<i>Page</i>
THE BONDS	1	APPENDIX A -THE TOWN	
Description of the Bonds	1	THE TOWN	A-1
Authority For and Purpose of the Bonds.....	1	General Information.....	A-1
Optional Redemption	2	Form of Government.....	A-1
Book-Entry-Only System.....	2	Services.....	A-1
NATURE OF OBLIGATION	4	Employees.....	A-1
Tax Levy Limitation Law	6	Employee Benefits.....	A-2
SPECIAL PROVISIONS AFFECTING REMEDIES		Other Postemployment Benefits	A-3
UPON DEFAULT	6	Cybersecurity	A-4
MARKET FACTORS	10	FINANCIAL FACTORS.....	A-4
THE STATE CONTROLLER'S FISCAL STRESS		Budgetary Procedure.....	A-4
MONITORING SYSTEM AND COMPLIANCE		Independent Audits	A-4
REVIEWS.....	10	Investment Policy	A-4
LITIGATION	11	Revenues.....	A-5
TAX MATTERS	11	REAL PROPERTY TAXES.....	A-6
Opinion of Bond Counsel	11	Real Property Assessments.....	A-6
General.....	11	Real Property Taxes, Levies and Collections	A-7
Certain Collateral Federal Income Tax		Real Property Taxes Rates.....	A-7
Consequenses.....	12	Tax Collection Procedures.....	A-7
Original Issue Discount.....	12	Ten of the Largest Taxpayers.....	A-8
Bond Premium	12	TOWN INDEBTEDNESS.....	A-8
Backup Withholding and Information Reporting.	12	Constitutional Requirements.....	A-8
Legislation	13	Statutory Procedure.....	A-9
Post Issuance Events.....	13	Constitutional Debt Contracting Limitation....	A-10
DOCUMENTS ACCOMPANYING DELIVERY OF		Short-Term Indebtedness.....	A-11
THE BONDS	13	Bond Anticipation Notes.....	A-12
Absence of Litigation.....	13	Trend of Capital Debt	A-12
Legal Matters.....	13	Overlapping Debt.....	A-12
Closing Certificates.....	14	Debt Ratios	A-13
DISCLOSURE UNDERTAKING.....	14	Authorized But Unissued Debt	A-13
Compliance History	16	Debt Service Schedule	A-14
MUNICIPAL ADVISOR	16	ECONOMIC AND DEMOGRAPHIC DATA ...	A-14
RATING.....	16	Population	A-14
ADDITIONAL INFORMATION	16	Income	A-15
		Employment.....	A-15
		Transportation.....	A-16
		Utilities	A-16
		Housing Data	A-17

- APPENDIX B - UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS
- APPENDIX C - LINK TO INDEPENDENT AUDITORS' REPORTS FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018
- APPENDIX D - FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE SERIES A
BONDS
- APPENDIX E - FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE SERIES B
BONDS

OFFICIAL STATEMENT
TOWN OF SOUTHEAST
PUTNAM COUNTY, NEW YORK

relating to

\$4,102,134*
PUBLIC IMPROVEMENT (SERIAL) BONDS – 2019 SERIES A

\$306,000*
PUBLIC IMPROVEMENT (SERIAL) BONDS – 2019 SERIES B (FEDERALLY TAXABLE)

The material set forth herein, including the cover and inside cover pages and the appendices hereto, presents certain information relating to the Town of Southeast, in Putnam County, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of the Town’s \$4,102,134* Public Improvement (Serial) Bonds - 2019 Series A (the “Series A Bonds”) and \$306,000* Public Improvement (Serial) Bonds – 2019 Series B (Federally Taxable) (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”).

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

THE BONDS

Description of the Series A Bonds

The Series A Bonds will be dated their Date of Delivery, will bear interest from such date payable August 15, 2020 and semiannually thereafter on February 15 and August 15 until maturity and will mature on August 15 in the years and amounts as set forth on the inside cover page hereof. The Series A Bonds are subject to optional redemption prior to maturity. (See “Optional Redemption” herein).

The Series A Bonds will be issued in fully registered form either registered in the name of the successful bidder (in the case of SIBs or other registered certificated form) or registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York (in the case of bonds). If issued in book-entry form, DTC will act as securities depository for the Series A 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 which is or includes \$2,134 maturing in 2020. The Series A Bonds may be transferred in the manner described on the Series A Bonds and as referenced in certain proceedings of the Town referred to therein.

THE RECORD DATE (THE “RECORD DATE”) FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE SERIES A BONDS IS THE LAST BUSINESS DAY OF THE CALENDAR MONTH IMMEDIATELY PRECEDING EACH INTEREST PAYMENT DATE.

Authority For and Purpose of the Series A Bonds

Authorization. The Series A Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law (Chapter 33-a of the Consolidated Laws of the State) and authorized pursuant to serial bond resolutions adopted by the Town Board on various dates.

*Preliminary, subject to change.

Purpose. The proceeds of the Series A Bonds, together with \$208,099 in available funds, will provide for the redemption of \$890,233 in outstanding bond anticipation notes and provide \$3,420,000 in original financing to pay the cost of various Town projects as detailed below.

Original Issue Date	Purpose	Amount Outstanding	Paydown	New Money	Amount of the Bonds
9/20/2013	Highway Vehicles	\$128,332	\$128,332	\$ 0	\$ 0
9/20/2013	Special District Maintenance Vehicle	43,267	43,267	0	0
9/20/2013	Fox Hill Water District	57,500	1,400	0	56,100
9/18/2014	Wood Chipper	34,613	2,347	0	32,266
9/18/2014	Mowing Tractor	71,587	4,853	0	66,734
9/18/2014	Highway Truck	114,067	7,733	0	106,334
9/14/2016	Volvo L90h Front Loader	111,667	6,667	0	105,000
9/14/2016	International 7500 Truck	174,200	10,400	0	163,800
9/11/2018	Emergency Water Distribution Lines	40,000	800	0	39,200
9/11/2018	Replace Electric Control Panel	115,000	2,300	0	112,700
8/16/2019	Brewster Public Library Addition and Renovations	0	0	2,938,000	2,938,000
8/16/2019	Blackberry Park - Tennis Courts	0	0	240,000	240,000
8/16/2019	Water Tank Repairs	0	0	162,000	162,000
8/16/2019	Blackberry Park District Pool Repairs	0	0	80,000	80,000
		<u>\$890,233</u>	<u>\$208,099</u>	<u>\$3,420,000</u>	<u>\$4,102,134</u>

Description of the Series B Bonds

The Series B Bonds will be dated their Date of Delivery, will bear interest from such date payable August 15, 2020 and semiannually thereafter on August 15 and February 15 until maturity and will mature on August 15 in the years and amounts as set forth on the inside cover page hereof. The Series B Bonds are not subject to redemption prior to maturity.

The Series B Bonds will be issued in fully registered form either registered in the name of the successful bidder (in the case of SIBs or other registered certificated form) or registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York (in the case of bonds). If issued in book-entry form, DTC will act as securities depository for the Series B 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. The Series B Bonds may be transferred in the manner described on the Series B Bonds and as referenced in certain proceedings of the Town referred to therein.

THE RECORD DATE (THE “RECORD DATE”) FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE SERIES B BONDS IS THE LAST BUSINESS DAY OF THE CALENDAR MONTH IMMEDIATELY PRECEDING EACH INTEREST PAYMENT DATE.

Authority For and Purpose of the Series B Bonds

Authorization. The Series B Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law (Chapter 33-a of the Consolidated Laws of the State) and Chapter 504 of the New York State Laws of 2015 and authorized pursuant to a bond resolution adopted by the Town Board on December 17, 2015.

Purpose. The proceeds of the Series B Bonds, together with \$18,000 in available funds, will be used to redeem the outstanding principal amount of the \$324,000 Bond Anticipation Notes, 2018 (Taxable) on August 21, 2019, the proceeds of which were used to finance, through a series of refundings, costs in connection with the water supply system for the Springhouse Water District.

Optional Redemption

Call Provisions. The Series A Bonds maturing on or before August 15, 2027 will not be subject to redemption prior to maturity. The Series A Bonds maturing on August 15, 2028, and thereafter, will be subject to redemption prior to maturity at the option of the Town, 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 August 15, 2027 at par plus accrued interest to the redemption date.

Notification Procedures. If less than all of the Series A 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 Town Supervisor of the Town. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date. (See “Book-Entry-Only System” for additional information concerning redemptions.)

The Series B Bonds are not subject to redemption prior to maturity.

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

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

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

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

Source: The Depository Trust Company

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

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 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 TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE 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 of the Bonds when duly issued and paid for will constitute a contract between the Town and the holder thereof.

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

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

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

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

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).

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or Town with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

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

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

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days

or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

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

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

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

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

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

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

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

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

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

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

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

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

MARKET FACTORS

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

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

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

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond 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 Internal Revenue Code of 1986, as amended (the "Code") could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Bonds (See "*Tax Matters*" herein).

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

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

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation." See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes.

LITIGATION

Various lawsuits have been commenced against the Town and various employees and departments alleging violations of civil rights, negligence in the operation and maintenance of Town motor vehicles and in the repair and maintenance of certain Town property. These matters are covered by the Town's liability insurance and, where necessary, counsel has been appointed by the Town's insurance carrier to defend the Town's interest.

Tax Certiorari Claims. There are also pending against the Town various proceedings brought pursuant to Article 7 of the State Real Property Tax Law to review and reduce real estate assessments and obtain a refund for alleged overpayments of real estate taxes. The results of the pending tax certiorari proceedings cannot be determined at this

time, however, assessment reductions historically have been significantly smaller than the amounts claimed. The Towns' tax base has remained relatively constant with new assessments offsetting reductions due to certiorari settlements. It is believed that an adverse decision in any or all these proceedings, in whole or in part, whether by stipulation or judgment, would not have a material impact of the financial condition of the Town. For the 2018 fiscal year, the Town paid \$23,963 in tax refunds.

TAX MATTERS

Series A Bonds

Opinion of Bond Counsel

In the opinion of Barclay Damon LLP, Bond Counsel to the Town, under existing law, and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Town, the Brewster Public Library and others described herein, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and interest on the Series A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code.

Barclay Damon LLP is further of the opinion that, under existing statutes, interest on the Series A 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).

Barclay Damon LLP expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series A Bonds, or the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds, except as stated above. The opinion of Barclay Damon LLP speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Town, or the Library or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service ("IRS"). In addition, Barclay Damon LLP expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes. See "Appendix D – Form of Approving Legal Opinion of Bond Counsel."

General

The Code imposes various requirements that must be met in order that interest on the Series A Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series A Bonds and the rebate of certain earnings in respect of such investments to the United States.

The Town and the Library have each made certain representations, certifications of fact, and statements of reasonable expectations and the Town and the Library have each given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series A Bonds from gross income under Section 103 of the Code. The Town and the Library will each execute a separate Tax Certificate which will be delivered concurrently with the delivery of the Series A Bonds, and will contain provisions and procedures relating to the compliance with the applicable requirements of the Code. The opinion of Barclay Damon LLP assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representation, certification or statement, or of the failure by the Town or the Library to comply with any such covenant, the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Series A Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Series A Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest

may otherwise affect the tax liability of a Beneficial Owner of a Series A Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of a Series A Bond and such Beneficial Owner's other items of income, deduction or credit. Barclay Damon LLP expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Series A Bonds.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Series A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series A Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series A Bonds. Barclay Damon LLP expresses no opinion regarding any such collateral federal income tax consequences.

Original Issue Discount

The excess of the principal amount of a maturity of a Series A Bond over the issue price of such maturity of a Series A Bond (a "Series A Discount Bond") constitutes "original issue discount," the accrual of which, to the extent properly allocable to the Beneficial Owner thereof, constitutes "original issue discount" which is excluded from gross income for federal income tax purposes to the same extent as interest on such Series A Discount Bond. For this purpose, the issue price of a maturity of the Series A Bonds is the first price at which a substantial amount of such maturity of the Series A Bonds is sold to the public. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Series A Discount Bond and the basis of such Series A Discount Bond acquired at such initial offering price by an initial purchaser of each Series A Discount Bond will be increased by the amount of such accrued discount. Beneficial Owners of Series A Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series A Discount Bonds.

Bond Premium

Series A Bonds purchased, whether at original issuance or otherwise, at prices greater than the stated principal amount thereof are "Series A Premium Bonds." Series A Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the Beneficial Owner of Series A Premium Bonds may realize taxable gain upon disposition of such Series A Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring the Series A Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that a Beneficial Owner of Series A Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Beneficial Owners of Series A Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of ownership of Series A Premium Bonds.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Series A Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series A Bonds and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Series A Bonds, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series A Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series A Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Bonds may occur. Prospective purchasers of the Series A Bonds should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Barclay Damon LLP expresses no opinion. The opinion of Barclay Damon LLP is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Barclay Damon LLP as to the proper treatment of the Series A Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Post Issuance Events

Barclay Damon LLP's engagement with respect to the Series A Bonds ends with the issuance of the Series A Bonds and, unless separately engaged, Barclay Damon LLP is not obligated to defend the Town, the Library or the Beneficial Owners regarding the tax-exempt status of interest on the Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Town and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series A Bonds, and may cause the Town, the Library or the Beneficial Owners to incur significant expense.

Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding the foregoing matters.

Series B Bonds

Opinion of Bond Counsel

In the opinion of Barclay Damon LLP, Bond Counsel to the Town, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code, and is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Barclay Damon LLP expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series B Bonds. The opinion of Barclay Damon LLP speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Town or the Library or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. See "Appendix E – Form of Approving Opinion of Bond Counsel for the Series B Bonds."

General

The following discussion is a brief summary of certain United States federal income tax consequences of the acquisition, ownership and disposition of the Series B Bonds by original purchasers of the Series B Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Bonds will be held as "capital assets" and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in

securities or foreign currencies, persons holding the Series B Bonds as a position in a “hedge” or “straddle,” holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire the Series B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of the Series B Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

As used herein, the term "U.S. Holder" means a beneficial owner of a Series B Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Interest on the Series B Bonds

Interest on the Series B Bonds that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments on the Series B Bonds.

Original issue discount with respect to a Series B Bond is equal to the excess of the stated redemption price at maturity of a Series B Bond over the initial offering price thereof to the public at which price a substantial amount of all Series B Bonds with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally ¼% of the product of the stated redemption price of a bond at maturity and the number of complete years from its issue date to its maturity) (a “Taxable Discount Bond”). The stated redemption price at maturity of a Taxable Discount Bonds is the sum of all scheduled amounts payable on the Taxable Discount Bonds (other than qualified stated interest). A U.S. Holder of a Taxable Discount Bonds must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Original issue discount accrues actuarially on a constant yield basis over the term of each Taxable Discount Bond and the basis of such Taxable Discount Bond acquired at such initial offering price by an initial purchaser of each Taxable Discount Bond will be increased by the amount of such accrued discount. U.S. Holders should consult with their own tax advisors with respect to the tax consequences of ownership of such Taxable Discount Bonds.

In general, if a U.S. Holder purchases a Series B Bond at a price greater than the principal amount payable at maturity, such U.S. Holder will be considered to have purchased the Series B Bond at a premium (the “Taxable Premium Bond”), and generally may elect to amortize the premium as an offset to interest income otherwise required to be included in respect of a Taxable Premium Bond during a taxable year, using a constant-yield method, over the remaining term of the Taxable Premium Bond. If a U.S. Holder makes the election to amortize the premium, it generally will apply to all taxable debt instruments held by such U.S. Holder at the beginning of the first taxable year to which the election applies, as well as any debt instruments that are subsequently acquired by such U.S. Holder. In addition, a U.S. Holder may not revoke the election without the consent of the IRS. If such U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its tax basis in the Taxable Premium Bond by the amount of the premium amortized during the holding period of the U.S. Holder. If a U.S. Holder does not elect to amortize the premium and holds the Taxable Premium Bond to maturity, the premium will decrease the amount of gain or increase the amount of loss otherwise recognized on the disposition of such Taxable Premium Bond. If a Taxable Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules for determining the amount of amortizable bond premium may apply. U.S. Holders of any

Taxable Premium Bonds should consult with their own tax advisors with respect to the tax consequences of ownership of Taxable Premium Bonds.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their net investment income, which generally will include interest on the Series B Bonds and any net gain recognized upon a disposition of a Series B Bond. U.S. Holders should consult with their tax advisors regarding the applicability of this tax.

Disposition and Defeasance

Upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series B Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series B Bonds.

U.S. Holders should be aware that, for federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Bonds to be deemed to be no longer outstanding under the resolution of the Series B Bonds (a "defeasance"), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for federal income tax purposes, the character and timing of receipt of payments on the Series B Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Series B Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for federal income tax purposes and for state and local purposes.

Backup Withholding and Information Reporting

In general, interest paid on taxable obligations is subject to information reporting to the IRS. Interest on the Series B Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series B Bonds and will be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Series B Bonds, if other than the registered owner).

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions must comply with information reporting rules with respect to their U.S. account holders and investors or be required to withhold tax on certain payments on, and proceeds from the sale or disposition of, obligations that produce U.S. source income to foreign financial institutions.

Legislation

Legislation considered by the Federal government, or the New York State Legislature, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series B Bonds under state law and could affect the market value or marketability of the Series B Bonds.

Prospective purchasers of the Series B Bonds should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Town shall furnish a certificate of the Town Attorney, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to

the payment of the Bonds, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the respective final approving opinions of Barclay Damon LLP, New York, New York, Bond Counsel. Each such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit, and all the taxable real property within the Town is subject to the levy of *ad valorem* real estate taxes to pay the Bonds and interest thereon (subject, to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Each such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) while Bond Counsel has reviewed this Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Town, in connection with the sale of the Bonds, 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.

Closing Certificates

Upon the delivery of the Bonds, the Purchasers will be furnished with the following items: (i) a Certificate of the Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Bonds, this Official Statement did not and does 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, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Bonds; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by the Supervisor evidencing payment for the Bonds; (iii) a Closing Certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (iv) a tax certificate executed by the Supervisor, as described under "Tax Matters" herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Bonds, the Town 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 Town 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 Town 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 such preceding 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 August 16, 2019 of the Town relating to the Bonds under the heading "Litigation" and in Appendix A under the headings "The Town",

“Financial Factors”, “Real Property Taxes”, “Town Indebtedness” and “Economic and Demographic Data” and in Appendix B by the end of the sixth month following the end of each such preceding fiscal year, commencing with the fiscal year ended December 31, 2018, and (ii) a copy of the audited financial statement, if any (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ended December 31, 2018; such audit (prepared in accordance with the accounting principles the Town 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 Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(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 Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (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 Town, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Town, any of which affect bondholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Town, if any such event reflects financial difficulties.

Event (iii) is included pursuant to a letter 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 Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

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

The Town may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the Town 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 Town's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the 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 Town, 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 Town to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

MUNICIPAL ADVISOR

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

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

RATING

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

Moody's has assigned a rating of "Aa1" to the outstanding, uninsured indebtedness of the Town.

Such rating reflects only the view of such organization and any explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Ron Hund, Town Accountant, 1360 Route 22, Brewster, New York 10595, (845) 279-7338, e-mail: rhund@southeast-ny.gov or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82 – Suite 310, Hopewell Junction, New York, 12533, (845) 227-8678 and is also available at www.capmark.org.

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

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

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

TOWN OF SOUTHEAST,
PUTNAM COUNTY, NEW YORK

By: _____
Tony Hay
Supervisor

Dated: August __, 2019

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town, which has an estimated population of 18,288 (interim 2017 U.S. Census data) and a land area of 32.1 square miles, is located in the southeast corner of the County, approximately 45 miles north of New York City. It is bordered on the east by the State of Connecticut, on the south by Westchester County, on the west by the Town of Carmel and on the north by the Town of Patterson. It includes the entire incorporated Village of Brewster as well as several unincorporated communities. The Town has become more suburban residential in character in recent years as Metro North has electrified commuter rail service to New York City from the Brewster North Railroad Station. The Town also includes various commercial and industrial enterprises, such as shopping centers and small manufacturing facilities.

In addition to commuter rail service, the Town maintains its own interior road network. New York State Routes 6 and 22 traverse the Town, leading to Interstates 84 and 684. Air travel is available to the south at the Westchester County Airport, Stewart Airport and the major New York City metropolitan airports.

Form of Government

The Town was established in 1795. Three independently governed school districts are located partially within the Town. They rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the General Municipal Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws generally applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Laws and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer and chief fiscal officer of the Town, elected for a term of two years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two Board members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

The Town Clerk is elected for a four-year term. The Receiver of Taxes is appointed for a one-year term. The Town Board appoints the Assessor and the Attorney for the Town.

Services

The Town is the supplier of water and sanitary sewer facilities to its residents through a number of special assessment water and sewer districts and is responsible for the financing and construction and maintenance of the necessary facilities in such districts. Police protection is provided by the County and State Police. Fire protection is provided by independent fire districts.

Employees

The Town employs 132 full-time and part-time workers. Certain employees are represented by the following collective bargaining organizations.

<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration</u>
Civil Service Employees' Association	11	12-31-20
Local #456, Brotherhood of Teamsters	16	12-31-20

Source: Town Officials.

Employee Benefits

Substantially all employees of the Town are members of the New York State and Local Employees Retirement System (“ERS” or the “Retirement System”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after 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.

In 2012, the Tier 6 pension program was added to State law, 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.

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Town generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2018 for the current year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by state law. 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 legislation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town does not currently amortize any pension payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), modifying the SCO adopted in 2010 and giving municipalities the ability to better manage spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The Town pays its ERS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

For State Fiscal Year 2016-17, the average contribution rates for ERS decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5%. For the State Fiscal Year 2017-18 the contribution rate for ERS remains unchanged from 2016-17 levels. For State Fiscal Year 2018-19, the contribution rate for ERS decreased from 2017-2018 levels to 14.9%. 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 Contributions. The retirement expenditures presented in the Town’s financial statements for the five most recent fiscal years and the amounts budgeted for the two most recent fiscal years are shown in the following table:

Fiscal Year	ERS
2013	\$610,207
2014	644,792
2015	565,590
2016	534,667
2017	488,995
2018	459,580
2019 (Budget)	509,000

Source: The Audited financial statements and adopted budgets of the Town.

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 were not 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 actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Town account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the Town. The Town’s funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund medical benefit obligations. For the 2017 fiscal year the Town contributed \$270,000.

The Town is in compliance with the requirements of GASB 45. The Town has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of December 31, 2017 was \$10,530,000. For the year ended December 31, 2017, the Town's ARC was \$1,060,000. The Town’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both.

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

See “Note 3-E” on page 46 of the audited financial statements as of and for the fiscal year ended December 31, 2017, herein.

Cybersecurity

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

FINANCIAL FACTORS

Budgetary Procedure

The Supervisor is the chief fiscal officer to the Town. The duties of the Supervisor include, among other things, administration and general supervision of all Town accounting and bookkeeping functions and departmental operations.

The Supervisor also serves as the budget officer. The budget officer prepares a tentative budget and presents it to the Town Board. Modifications to the tentative budget by the Town Board result in the preliminary budget and a public hearing is held by the Town Board thereon. Subsequent to the public hearing revisions, if any, are made and the annual Town budget is then adopted by the Town Board as the final budget for the coming fiscal year. The Town budget is not subject to referendum.

Independent Audits

The Town retained the firm of EFPR Group, CPAs, LLC, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2018.

The Town’s audited general purpose financial statements, the notes thereto and the auditors' report thereon for the year ended December 31, 2018 are included as a part of this Official Statement (see “Appendix C,” herein). Town audits for prior years are on file with the Municipal Securities Rulemaking Board (<http://emma.msrb.org/>), or may be obtained by request from the Town or from the Town’s Municipal Advisor.

State Audits. In addition, the Town is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. No such audits have been posted by the State in the past five years.

See also “The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews,” herein.

Investment Policy

Pursuant to the statutes of the State, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United

States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United State of America; (4) obligations of the State; (5) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district or district corporation, other than those notes issued by the Town; (6) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law. Historically, the Town has not chosen to invest in repurchase agreements. Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the Unites States and its agencies and obligations of the State and its municipalities and school districts.

Revenues

Property Taxes. The Town derives a major portion of its General Fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Based on audited results, property taxes accounted for approximately 55.8% of total General Fund revenues for the fiscal year ended December 31, 2018.

The following table sets forth total General Fund revenues and real property tax revenues during each of the last five audited fiscal years as well as budgeted amount for the most recent fiscal year.

Year Ended December 31:	General Fund Revenues ⁽¹⁾⁽²⁾	Real Property Taxes And Tax Items	Percentage Of General Fund Revenue
2014	\$5,571,932	\$3,002,701	53.9%
2015	5,326,778	3,056,065	57.4
2016	5,606,057	3,153,146	56.2
2017	5,959,078	3,231,906	54.2
2018	6,272,154	3,499,135	55.8
2019 (Budgeted)	5,566,315	3,268,862	58.7

(1) Excludes other financing sources.

(2) Inclusive of the General Fund and Town Outside Village Fund (Combined).

Source: The Audited Financial Statements and Adopted Budget of the Town.

State Aid. The Town receives financial assistance from the State. In its combined general fund (town wide and part town) for the 2018 fiscal year, approximately 9.6% of the operating revenues of the Town were received in the form of State aid. If the State does not adopt its budget in a timely manner, as has been the case in past years, municipalities and towns in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that existing State aid levels will be maintained during the current fiscal year or in the future fiscal years. State budgetary restrictions which eliminate or substantially reduce State aid could have material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "Market Factors").

The following table sets forth total General Fund revenues and State aid during each of the last five audited fiscal years and budgeted amount for the most recent fiscal year.

Fund Revenues & State Aid Revenues

Year Ended December 31:	General Fund Revenues ⁽¹⁾⁽²⁾	State Aid	Percentage Of General Fund Revenue
2014	\$5,571,932	\$465,801	8.4%
2015	5,326,778	490,478	9.2
2016	5,606,057	583,697	10.4
2017	5,959,078	569,854	9.6
2018	6,272,154	603,448	9.6
2019 (Budgeted)	5,566,315	395,000	7.1

(1) Excludes other financing sources.

(2) Inclusive of the General Fund and Town Outside Village Fund (Combined).

Source: The Audited Financial Statements and Adopted Budget of the Town.

Sales Tax. Section 1210 of the New York Tax Law authorized the County to levy sales and compensating use taxes in addition to the 4% tax levied by the State, with an additional 3/8% to the MTA. Such sales and compensating use tax collections in New York are administered by the State Tax Commission and the proceeds are paid to the County monthly. Effective September 1, 2007, the County increased sales tax to the maximum 4% permitted. Although the County does collect a sales tax, those moneys are not shared with the Town and are kept solely for the benefit of the County.

REAL PROPERTY TAXES

Real Property Assessments

Assessment Roll Filed	Year Ending December 31:	Taxable Assessed Valuation	State Equalization Rate (a)	Full Valuation
2014	2015	\$2,649,142,201	100.00%	\$2,649,142,201
2015	2016	2,674,173,776	100.00%	2,674,173,776
2016	2017	2,715,774,319	100.00%	2,715,774,319
2017	2018	2,785,973,714	100.00%	2,785,973,714
2018	2019	2,834,996,565	100.00%	2,834,996,565

Source: Town officials.

Real Property Taxes, Levies and Collections

The following table shows the trend during the last five years for real property tax and assessment levies and collections.

Year Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town and Highway	\$6,195,853	\$6,222,861	\$6,289,307	\$ 6,576,258	\$6,758,824
Special Districts	2,952,514	3,017,878	3,060,142	3,485,985	3,538,289
County Purposes	8,009,821	8,060,987	8,186,033	8,431,394	8,569,544
Relevied Items:					
Water & Sewer Charges	366,613	385,233	359,334	359,874	353,158
School District Taxes	2,261,433	2,028,414	2,103,409	2,008,733	2,419,461
Town Taxes	90,874	154,565	38,842	81,229	49,823
Misc. Items & Adjustments	<u>7,525</u>	<u>8,767</u>	<u>14,508</u>	<u>9,203</u>	<u>6,678</u>
Total Tax Levy ⁽¹⁾	19,884,633	19,878,705	20,051,575	20,952,675	21,695,777
Collected Prior to Return	<u>18,177,790</u>	<u>18,335,501</u>	<u>18,494,164</u>	<u>19,379,734</u>	<u>N/A</u>
Returned to County ⁽²⁾					
Amount	1,706,843	1,543,204	1,557,411	1,572,941	N/A
Percentage	8.58	7.76	7.77	7.51	N/A
Uncollected at End of Year of Levy	None	None	None	None	None

(1) Includes County, Town, Fire, Water, Sewer District and School District taxes.

(2) Uncollected Taxes are returned to the County on July 31.

Source: Town Officials.

Real Property Taxes Rates

The following table shows the trend during the last five years for real property tax rates per \$1,000 of assessed valuation.

Year Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town within Village					
Homestead.....	\$1.41	\$1.41	\$1.42	\$1.45	\$1.48
Non Homestead.....	2.09	2.12	2.15		
2.19 2.25					
Town Outside Village					
Homestead.....	2.07	2.05	2.03	2.07	2.08
Non Homestead.....	3.08	3.09	3.09	3.13	3.18
County					
Homestead.....	3.08	3.07	3.08	3.09	3.08
Non Homestead.....	3.08	3.07	3.08	3.09	3.08
Fire District					
Homestead.....	0.55	0.55	0.55	0.55	0.55
Non Homestead.....	0.55	0.55	0.55	0.55	0.55

Source: Town officials.

Tax Collection Procedures

Property taxes for the Town, together with County, school and Town taxes are collected by the Town Tax Receiver. Real property taxes are levied and payable on January 1 each year. Taxpayers have the option of paying in full or in

two installments. Wholly uncollected taxes are returned to the County on April 1 and partial unpaid taxes are returned to the County on August 1; interest on unpaid taxes is charged at the rate of 12% per annum. The Town retains the total amount of Town, highway and special district levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for ultimate collection and enforcement of delinquent taxes.

The County’s enforcement procedures for unpaid taxes are governed by Article 10 of the Real Property Tax Law. A tax lien sale is conducted annually, with the County purchasing all tax liens. A tax deed is taken three years from the anniversary of the tax lien sale and title perfected through judicial proceeding. A public auction is then conducted to dispose of all acquired properties.

Ten of the Largest Taxpayers

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

**Larger Taxpayers in the Town
For the Collection of 2018 Fiscal Year**

<u>Taxpayer</u>	<u>Classification</u>	<u>Assessed Valuation ⁽¹⁾</u>	<u>% of Total Assessed Valuation ⁽¹⁾</u>
City of New York	Various Properties	\$219,307,249	7.74%
Algonquin Gas Transmission Co.	Utility	76,072,997	2.68
NYSEG	Utility	45,496,532	1.60
Highlands Center	Retail Center	21,413,000	0.76
Putnam Ridge Real Estate LLC	Commercial	20,200,000	0.71
CSFB 2007-C4 Lakeview Pla	Commercial	19,718,200	0.70
Putnam County IDA	Industrial	18,488,000	0.65
Brewster Square LLC	Commercial	2,440,000	0.09
Block Building Associates	Commercial	2,000,000	0.07
PLI LLC	Commercial	<u>1,823,600</u>	<u>0.06</u>
Total		<u><u>\$426,959,578</u></u>	<u><u>15.06%</u></u>

(1) The total assessed valuation for the year ending December 31, 2019 is \$2,834,996,565.

Source: Town officials.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town, 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 Town 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 Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town 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 Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

The Local Finance Law also provides 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 Town has complied with such procedures for the validation of the bond resolution adopted in connection with this issuance.

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

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

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

In general, the Local Finance Law contains similar provisions providing the Town 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 Town, 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 Town is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit,” herein). See also “Tax Levy Limitation Law” herein as to statutory limitations.

The Town 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 Town purposes.

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

Computation of Debt Contracting Limitation (2019 Fiscal Year)

<u>For Fiscal Years Ended December 31:</u>	<u>Assessed Valuations</u>	<u>Equalization Rate ⁽¹⁾</u>	<u>Full Valuations</u>
2015	\$2,649,142,201	100.00%	\$ 2,649,142,201
2016	2,674,173,776	100.00	2,674,173,776
2017	2,715,774,319	100.00	2,715,774,319
2018	2,785,973,714	100.00	2,785,973,714
2019	2,834,996,565	100.00	<u>2,834,996,565</u>
Total Five-Year Full Valuation			<u>\$13,660,060,575</u>
Five-Year Average Full Valuation			<u>2,732,012,115</u>
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			<u><u>\$ 191,240,848</u></u>

(1) Final rates as established by the ORPTS.

(The remainder of this page has been intentionally left blank.)

**Statement of Debt Contracting Power
As of July 30, 2019**

	Amount	Percentage
Debt Contracting Limitation	\$191,240,848	100.00%
Gross Indebtedness: ⁽¹⁾		
Serial Bonds	7,600,000	3.97
Bond Anticipation Notes	1,214,233	0.63
	8,814,233	4.61
Less Exclusions and Deductions:		
Appropriations for Non-Exempt Debt	348,466	0.18
Water Indebtedness	2,498,435	1.31
	2,846,901	1.49
Net Indebtedness	5,967,332	3.12
Debt Contracting Margin	\$185,273,516	96.88%

Short-Term Indebtedness

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

Capital Purposes. Bond anticipation notes may be sold to provide moneys for capital projects once an enabling bond resolution has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years in most cases. Such notes may not be renewed after the second year, unless there is a principal payment on the 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. Capital notes may be issued to finance any capital purposes; the term for capital notes is generally limited to two years. The following table shows the amount of bond anticipation notes outstanding at the end of the last five years.

Short-Term Indebtedness Outstanding December 31:

	2014	2015	2016	2017	2018
Bond Anticipation Notes	\$613,000	\$969,000	\$1,247,000	\$1,193,000	\$1,214,233

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

Bond Anticipation Notes

The Town has the following bond anticipation notes outstanding.

<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
Various ⁽¹⁾	Various Purposes	\$ 890,233
08/17/17 ⁽²⁾	Springhouse Water	<u>324,000</u>
		<u><u>\$1,214,233</u></u>

- (1) A portion of the proceeds from the sale of the Series A Bonds in the amount of \$890,233, together with \$208,099 in available Town funds, will be used to redeem these notes in full at maturity.
- (2) The proceeds of the Series B Bonds in the amount of \$306,000, together with \$18,000 in available funds, will be used to redeem these notes in full at maturity.

Trend of Capital Debt

The following table sets forth the gross amount of bonded debt outstanding at the end of each of the last five years. Lease debt has been excluded.

	<u>Fiscal Year Ending December 31:</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonded Indebtedness	\$10,508,636	\$9,631,574	\$9,035,000	\$8,430,000	\$7,825,000
Bond Anticipation Notes	<u>613,000</u>	<u>969,000</u>	<u>1,247,000</u>	<u>1,193,000</u>	<u>1,214,233</u>
Total Outstanding Indebtedness	<u><u>\$11,121,636</u></u>	<u><u>\$10,600,574</u></u>	<u><u>\$10,282,000</u></u>	<u><u>\$9,623,000</u></u>	<u><u>\$9,039,233</u></u>

(The remainder of this page has been intentionally left blank.)

Overlapping Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the Town and various school districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The following table presents the amount of overlapping debt and the Town's share of this debt as of the dates indicated; authorized but unissued debt has not been included.

**Direct and Overlapping Indebtedness
As of July 30, 2019**

Gross Direct Indebtedness	\$ 8,814,233
Exclusions and Deductions	2,846,901
Net Direct Indebtedness	<u>\$ 5,967,332</u>

<u>Overlapping Units</u>	<u>Date Of Report</u>	<u>Net Overlapping Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County	09-19-18	\$55,903,350	22.61%	\$12,639,747
Village of Brewster School Districts	10-03-18	115,000	100.00	115,000
Brewster	06-30-18	67,080,358	79.00	52,993,483
Carmel	12-20-17	20,610,000	0.05	10,305
North Salem	09-10-18	11,480,000	11.58	<u>1,329,384</u>
				<u><u>\$67,087,919</u></u>

Debt Ratios

The following table sets forth certain ratios relating to the Town's direct and overlapping indebtedness as of July 30, 2019.

**Direct and Overlapping Debt Ratios
As of July 30, 2019**

	<u>Amount</u>	<u>Debt Per-Capita ⁽¹⁾</u>	<u>Debt To Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$ 5,967,332	\$326.30	0.21%
Net Direct and Overlapping Debt	73,055,251	3,994.71	2.58

- (1) The population of the Town according to the American Community Survey 5-Year estimated data 2017 is 18,288.
- (2) Full valuation for 2019 is \$2,834,996,565.
- (3) The Town's per capita-income according to the American Community Survey 5-Year estimated data 2017 is \$41,944.

Authorized But Unissued Debt

Following the issuance of the Bonds, the Town will have no authorized but unissued obligations. However, Town officials have indicated the Town may borrow approximately \$4.3 million for various water and sewer projects. Bond resolutions have not yet been approved for such projects and the Town has not yet determined a timeline for any future financings.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the Town's outstanding general obligation bonded indebtedness, exclusive of the Bonds.

Years Ending Dec. 31:	Outstanding Bonds:			Cumulative % Principal Paid
	Principal Payment	Interest Payment	Total Debt Service	
2019 ⁽¹⁾	\$ 565,000	\$ 208,544	\$ 773,544	7.17%
2020	550,000	192,690	742,690	14.16
2021	500,000	178,179	678,179	20.51
2022	510,000	164,257	674,257	26.98
2023	515,000	149,782	664,782	33.52
2024	515,000	135,079	650,079	40.06
2025	500,000	120,638	620,638	46.41
2026	515,000	106,166	621,166	52.95
2027	490,000	91,159	581,159	59.17
2028	330,000	77,150	407,150	63.37
2029	340,000	69,574	409,574	67.68
2030	345,000	61,629	406,629	72.06
2031	220,000	54,790	274,790	74.86
2032	225,000	49,237	274,237	77.71
2033	145,000	43,472	188,472	79.56
2034	150,000	39,980	189,980	81.46
2035	155,000	36,403	191,403	83.43
2036	155,000	32,609	187,609	85.40
2037	155,000	28,785	183,785	87.37
2038	165,000	24,869	189,869	89.46
2039	165,000	20,769	185,769	91.56
2040	175,000	16,501	191,501	93.78
2041	175,000	12,027	187,027	96.00
2042	175,000	7,551	182,551	98.22
2043	70,000	3,004	73,004	99.11
2044	70,000	1,001	71,001	100.00
	<u>\$ 7,875,000</u>	<u>\$1,925,845</u>	<u>\$9,800,845</u>	

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>
Town	17,316	18,404	18,288	6.3%	(0.6)%
County	95,745	99,710	99,464	4.1	(0.2)
State	18,976,457	19,378,102	19,798,228	2.1	2.1

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

Income

The table below shows the growth in per capita money income.

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Town	\$41,051	\$41,944	2.2%
County	37,915	44,063	16.2
State	30,948	35,752	15.5

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

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>
Town	\$130,858	4.7%	9.6%	14.1%	14.6%	56.9%
County	115,601	4.1	9.7	13.4	15.1	57.7
State	77,141	14.6	18.1	16.1	13.1	38.1

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

Employment

Average Employed Civilian Labor Force **2000 – 2018**

	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2018</u>
County	50,500	48,800	49,700	(3.4)	1.8
State	8,718,700	8,769,700	9,181,100	0.6	4.7

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	6.1%	7.7%	7.4%
2014	4.9	6.3	6.2
2015	4.3	5.3	5.3
2016	4.0	4.9	4.9
2017	4.2	4.7	4.4
2018	3.7	4.1	3.9
2019: ⁽¹⁾			
Jan	3.8	4.6	4.0
Feb	3.8	4.4	3.8
Mar	3.6	4.1	3.8
Apr	3.2	3.6	3.6
May	3.3	3.8	3.6

(1) Monthly Rates
Source: New York State Department of Labor.

**Major Employers in the County
(PRIVATE SECTOR ONLY)**

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Putnam Hospital Center	Health Services	1,041
Green Chimneys	Services	502
Putnam Associated Resource Center	Services	375
Cerebral Palsy of Putnam and Dutchess	Services	264
Big V ShopRite Supermarket	Retail	250
Arms Acres, Inc.	Services	230
CareMount Medical PC	Health Services	223
Ace Endico	Food Service & Retail	202
Putnam Precision Products, Inc.	Manufacturing	200
Graymoor	Services	200
Hannaford Supermarket	Retail	175
Acme Supermarkets (3 locations)	Retail	172
Home Depot	Retail	150
DeCiccio Family Market	Retail	150
K-Mart	Retail	150
NYS Electric and Gas Corp.	Public Utility	119
McDonald's Restaurants (3 stores)	Retail	102
Kohl's Department Store	Retail	100
Dairy Conveyor Corp.	Manufacturing	100
Clancy Moving Systems	Services	97
Hipotronics, Inc.	Manufacturing	96
Putnam County Savings Bank (4 locations)	Banking	95
Lamothermic Corporation	Manufacturing	75
Mahopac National Bank	Banking	74
MV Contract Transportation	Transportation	61
Akzo Nobel Corp.	Manufacturing	70
Unilock	Manufacturing	70

Source: Putnam County Official Statement dated June 2016.

Transportation

The Town is served by all major forms of transportation. Major highways serving the Town include Interstate 84 (linking Hartford, Connecticut and Scranton, Pennsylvania) and Interstate 684 (linking the Town and the City of White Plains). The Town is also served by a network of County roads. Rail passenger service is available from the Metro North Commuter Railroad (Brewster and Southeast stations). Commercial air transportation is available at Stewart Airport in Newburgh (approximately 40 miles to the west) and other New York city airports to the south.

Utilities

New York State Electric and Gas and Verizon provide residents of the Town with basic utilities. Water and sewer services are comprised of both municipal and private systems.

Housing Data

Housing Stock 2000 - 2017

	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Town	6,412	7,095	7,096	10.7%	0.0
County	35,030	38,224	38,578	9.1	0.9
State	7,679,307	8,108,103	8,255,911	5.6	1.8

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

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
Town	0.8	\$344,700	\$1,330	70.0%	22.7%	7.2%
County	1.1	357,700	1,334	72.8	16.1	11.1
State	1.7	293,000	1,194	47.7	40.7	11.5

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

END OF APPENDIX A

APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

TOWN OF SOUTHEAST, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund and Outside Village Fund (Combined)
Fiscal Years Ending December 31:

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
REVENUES					
Property Taxes	\$3,002,701	\$3,056,065	\$3,153,146	\$3,231,906	\$3,499,135
Other Tax Items	90,898	94,859	94,079	64,794	41,372
Non-Property Tax Items	0	0	0	378,167	354,240
Departmental Income	1,178,084	788,133	894,638	860,887	1,050,700
Intergovernmental Charges	0	0	0	0	0
Use of Money and Property	4,906	22,472	23,544	32,199	53,679
Licenses & Permits	6,068	5,954	10,075	10,988	9,208
Miscellaneous	281,424	9,019	6,676	19,709	18,295
Fines & Forfeitures	542,050	557,515	549,102	493,774	338,677
Interfund Revenues	0	302,283	291,100	296,800	303,400
State Aid	465,801	490,478	583,697	569,854	603,448
Total Revenues	5,571,932	5,326,778	5,606,057	5,959,078	6,272,154
EXPENDITURES					
General Government Support	2,198,472	2,249,858	2,412,042	2,418,261	2,430,387
Public Health & Safety	365,677	348,432	340,313	311,576	327,776
Transportation	213,482	214,299	188,915	203,069	208,959
Economic Assistance	82,417	79,468	81,406	86,547	82,291
Culture & Recreation	805,445	797,001	739,790	751,986	726,034
Home & Community Services	345,396	274,915	292,556	282,065	407,018
Employee Benefits	1,022,539	1,212,777	1,287,558	1,247,008	1,281,669
Prior Year's Expenses	186,796	0	0	0	0
Total Expenditures	5,220,224	5,176,750	5,342,580	5,300,512	5,464,134
Excess Deficiency of Revenues Over Expenditures	\$351,708	\$150,028	\$263,477	\$658,566	\$808,020
Other Financing Sources					
Operating transfers in	200,000	201,034	200,000	200,000	200,000
Operating transfers out	(\$170,088)	(\$249,438)	(\$240,141)	(\$245,760)	(\$410,820)
Total Other Financing Sources	29,912	(\$48,404)	(\$40,141)	(\$45,760)	(\$210,820)
Excess of Revenues and Other Sources Over Expenditures & Other Uses	381,620	481,890	616,669	612,806	597,200
Balance January 1	1,793,000	2,174,620	2,759,945	3,376,614	3,989,420
Prior Period Adjustments	0	103,435	0	0	0
Balance December 31	\$2,174,620	\$2,759,945	\$3,376,614	\$3,989,420	\$4,586,620

Source: Information for this appendix has been extracted from the audited financial statements of the Town of Southeast. This summary itself has not been audited. Reference should be made to the complete audit reports on file at the Town office.

TOWN OF SOUTHEAST, NEW YORK
Comparative Balance Sheet - General and Outside Village Fund
Fiscal Years Ending December 31:

As of December 31:	2017		2018	
	General Fund	Town Outside Village	General Fund	Town Outside Village
ASSETS				
Cash	\$1,543,929	\$865,572	\$869,469	\$1,032,100
Prepaid Expenditures	71,122	\$13,326	71,050	\$11,769
Due from Other Funds	470,317	886,000	1,335,643	1,171,500
Due from Other Government	0	0	1,925	0
Accounts Receivable	302,977	463	308,687	3,219
State & Federal Receivables	0	0	47,923	0
TOTAL ASSETS	\$2,388,345	\$1,765,361	\$2,634,697	\$2,218,588
LIABILITIES				
Accounts Payable	\$64,489	\$32,655	\$70,872	\$47,796
Due to Other Funds	0	0	75,000	0
Due to Other Governments	101	0	819	0
Unearned Revenue	0	64,141	0	69,278
Other Liabilities	2,900	2,900	2,900	0
TOTAL LIABILITIES	67,490	99,696	149,591	117,074
FUND EQUITY				
Nonspendable	71,122	13,326	71,050	11,769
Assigned	53,411	1,655,239	0	2,089,745
Unassigned	2,196,322	0	2,414,056	0
TOTAL FUND EQUITY	2,320,855	1,668,565	2,485,106	2,101,514
TOTAL LIABILITIES AND FUND EQUITY	\$2,388,345	\$1,768,261	\$2,634,697	\$2,218,588

Source: Information for this appendix has been extracted from the audited financial statements of the Town of Southeast. This summary itself has not been audited. Reference should be made to the complete audit reports on file at the Town offices.

**TOWN OF SOUTHEAST
2019 OPERATING BUDGET**

	General Fund	Outside Village Fund	Highway Fund	Highway Outside Fund	Debt Service	Lighting Districts(1)	Sewer District(2)	Water District(3)	Blackberry Hill Lighting Park	Blackberry Park Refuse Fund	SouthEast Train Parking anf Garages	Combined Totals
ESTIMATED REVENUES:												
Real Property Taxes	\$ 3,525,685	\$ 119,734	\$ 1,352,730	\$ 1,760,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,758,824
Real Property Tax Items	80,988	0	0	0	0	5,967	0	0	112,330	1,904,100	0	2,103,385
Non-Property Taxes	0	300,000	0	0	0	0	0	0	0	0	0	300,000
Departmental Income	340,250	361,500	0	0	0	0	660,487	1,371,591	0	0	496,000	3,229,828
Intergovernmental Charges	0	0	0	0	0	0	0	0	0	0	0	0
Use Of Money And Property	24,400	3,000	8,000	8,000	0	0	0	0	0	0	0	43,400
Licenses And Permits	5,515	0	0	0	0	0	0	0	0	0	0	5,515
Fines And Forfeitures	470,000	0	0	0	0	0	0	0	0	0	0	470,000
Sale Of Property And Compensation For Loss	0	0	0	0	0	0	0	0	0	0	0	0
Interfund Revenues	316,800	0	0	0	902,072	0	0	0	0	0	0	1,218,872
State Aid	395,000	0	0	124,000	0	0	350,000	0	0	0	0	869,000
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0
Total Estimated Revenues	5,158,638	784,234	1,360,730	1,892,675	902,072	5,967	1,010,487	1,371,591	112,330	1,904,100	496,000	14,998,824
APPROPRIATIONS:												
Current:												
General Government Support	2,627,203	1,500	1,500	4,000	31,784	0	0	0	150	0	100	2,666,237
Public Safety	65,604	310,734	0	0	0	0	0	0	0	0	0	376,338
Health	0	9,934	0	0	0	0	0	0	0	0	0	9,934
Transportation	228,915	0	1,074,800	1,210,650	0	6,192	0	0	0	0	294,450	2,815,007
Economic Assistance And Opportunity	89,625	0	0	0	0	0	0	0	0	0	0	89,625
Culture And Recreation	842,652	0	0	0	0	0	0	0	87,800	0	0	930,452
Home And Community Services	29,000	249,143	0	0	0	0	913,504	728,993	0	0	0	1,920,640
Employee Benefits	1,166,300	212,923	198,025	678,025	0	0	0	0	5,575	1,904,100	1,500	4,166,448
Debt Service	0	0	86,405	0	870,288	0	166,703	616,539	22,305	0	200,000	1,962,240
Total Appropriations	5,049,299	784,234	1,360,730	1,892,675	902,072	6,192	1,080,207	1,345,532	115,830	1,904,100	496,050	14,936,921
Excess Of Estimated Revenues Over Appropriations	109,339	0	0	0	0	-225	-69,720	26,059	-3,500	0	-50	61,903
OTHER FINANCING SOURCES (USES):												
Operating Transfers - In	200,000	0	0	0	0	0	0	0	0	0	0	200,000
Operating Transfers - Out	-309,339	0	0	0	0	0	0	0	0	0	0	-309,339
Total Other Financing Sources (Uses)	-109,339	0	0	0	0	0	0	0	0	0	0	-109,339
APPROPRIATED FUND BALANCE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 225	\$ 69,720	\$ -26,059	\$ 3,500	\$ 0	\$ 50	\$ 47,436

(1) Includes Highway OT Village Blackberry Hill Lighting

(2) Includes Blackberry Hill Sewer Fund, Brewster Heights Sewer Fund, Peach Lake Sewer Fund

(3) Includes Brewster Heights Water Fund, Star Ridge Water Fund, Fox Hill Water Fund, Mountain Brook Water Fund, Peaceable Hill Water Fund, Blackberry Hill Water Fund, Hill Crest Water Fund, Spring House Water Fund, Birch Hill Water Fund

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORTS
FOR THE FISCAL YEAR ENDED
DECEMBER 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/ES1409244.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. EFPR GROUP, CPAs, LLC has not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

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

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE SERIES A BONDS

_____, 2019

Town Board of the
Town of Southeast
in the County of Putnam

Re: Town of Southeast, Putnam County, New York
\$ _____ Public Improvement (Serial) Bonds –2019 Series A

Dear Board Members:

We have examined a record of proceedings relating to the issuance of \$ _____ Public Improvement (Serial) Bonds – 2019 Series A (the “Series A Bonds”) of Town of Southeast, New York (the “Town”). The Series A Bonds are being issued pursuant to the Constitution and laws of the State of New York, bond resolutions of the Town and a Certificate of Determination dated on or before _____, 2019 of the Town Supervisor of the Town relative to the form and terms of the Series A Bonds.

The Series A Bonds will be dated _____, 2019 and will mature annually in the principal amounts and bear interest at the rates as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2020			2033		
2021			2034		
2022			2035		
2023			2036		
2024			2037		
2025			2038		
2026			2039		
2027			2040		
2028			2041		
2029			2042		
2030			2043		
2031			2044		
2032					

Interest on the Series A Bonds will be payable on August 15, 2020, and semiannually thereafter on February 15 and August 15 in each year until maturity. The Series A Bonds are subject to redemption prior to maturity as described therein. The Series A Bonds will be issued as fully-registered bonds and, will be registered in the name of

Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series A Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes various requirements that must be met in order that interest on the Series A Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series A Bonds and the rebate of certain earnings in respect of such investments to the United States. In the event of the inaccuracy or incompleteness of any such representation, certification or statement, or of the failure by the Town to comply with any such covenant, the interest on the Series A Bonds could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Series A Bonds, regardless of the date on which the event causing such inclusion occurs. On the date of delivery of the Series A Bonds, the Town and the Brewster Public Library (the “Library”) will each execute a separate Tax Certificate (collectively, the “Tax Certificate”) containing provisions and procedures pursuant to which such requirements applicable to the Town and the Library can be satisfied. Pursuant to their respective Tax Certificates, the Town and the Library have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In rendering our opinion in paragraph 3 below, we have relied and assumed the material accuracy of the representations, certifications of fact, and statements of reasonable expectation made by the Town and the Library in their respective Tax Certificates with respect to matters affecting the status of interest paid on the Series A Bonds, and compliance by the Town and the Library with the procedures and covenants set forth in their respective Tax Certificates with respect to such tax matters.

We are of the opinion that:

1. The Series A Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit, and, unless paid from other sources, all taxable real property within the Town is subject to levy of ad valorem real estate taxes to pay the Series A Bonds and interest thereon without limitation as to rate or amount (subject to the provisions of Chapter 97 of the Laws of New York of 2011); provided, that the enforceability (but not the validity) of the Series A Bonds (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors’ rights, and (b) may be subject to the exercise of judicial discretion in appropriate cases.

2. The Town has the power to comply with its covenants included in its Tax Certificate (defined below) with respect to the Series A Bonds relating to compliance with the Code (as hereinafter defined) as it relates to the Series A Bonds; provided, however, that the enforceability (but not the validity) of such covenants, may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors’ rights.

3. Under existing law, and assuming compliance by the Town and the Library with certain covenants and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Town, the Library and others, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and interest on the Series A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code. Further, although the interest on the Series A Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a beneficial owner of a Series A Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a beneficial owner of a Series A Bond and such beneficial owner's other items of income, deduction or credit. We express no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Series A Bonds.

4. Under existing statutes, interest on the Series A 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).

We express no opinion regarding any other federal, state or local tax consequences with respect to the Series A Bonds, or the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds, except as stated in paragraphs 3 and 4 above. Our opinion speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Town or the Library or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. In addition, we express no opinion on the effect of any action taken or not taken in

reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes.

In rendering the opinions expressed herein, (1) we have assumed the accuracy and truthfulness of all public records, documents and proceedings 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 we also have assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (2) the scope of engagement in relation to the issuance of the Series A Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein; (3) the opinions expressed herein 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 Town together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Series A Bonds as the same respectively become due and payable; (4) reference should be made to the Official Statement for factual information which, in the judgment of the Town, would materially affect the ability of the Town to pay such principal and interest; and (5) while we have participated in the preparation of the 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 Town, in connection with the sale of the Series A Bonds, 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

We have examined an executed Series A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

/s/ Barclay Damon LLP

APPENDIX E

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

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE SERIES B BONDS

_____, 2019

Town Board of the
Town of Southeast
in the County of Putnam

Re: Town of Southeast, Putnam County, New York
\$ _____ Public Improvement (Serial) Bonds –2019 Series B (Federally Taxable)

Dear Board Members:

We have examined a record of proceedings relating to the issuance of \$ _____ Public Improvement (Serial) Bonds –2019 Series B (Federally Taxable) (the “Series B Bonds”), of Town of Southeast, New York (the “Town”). The Series B Bonds are being issued pursuant to the Constitution and laws of the State of New York, bond resolutions of the Town and a Certificate of Determination dated on or before _____, 2019 of the Town Supervisor of the Town relative to the form and terms of the Series B Bonds.

The Series B Bonds will be dated _____, 2019 and will mature annually in the principal amounts and bear interest at the rates as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		

Interest on the Series B Bonds will be payable on August 15, 2020, and semiannually thereafter on February 15 and August 15 in each year until maturity. The Series B Bonds are not subject to redemption prior to maturity. The Series B Bonds will be issued as fully-registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series B Bonds.

We are of the opinion that:

1. The Series B Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit, and, unless paid from other sources, all taxable real property within the Town is subject to levy of ad valorem real estate taxes to pay the Series B Bonds and interest thereon without limitation as to rate or amount (subject to the provisions of Chapter 97 of the Laws of New York of 2011); provided, that the enforceability (but not the validity) of the Series B Bonds (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights, and (b) may be subject to the exercise of judicial discretion in appropriate cases.

2. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

3. Under existing statutes, interest on the Series B 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).

We express no opinion regarding any other federal, state or local tax consequences with respect to the Series B Bonds, or the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds, except as stated in paragraphs 2 and 3 above. Our opinion speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Town or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service.

In rendering the opinions expressed herein, (1) we have assumed the accuracy and truthfulness of all public records, documents and proceedings 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 we also have assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (2) the scope of engagement in relation to the issuance of the Series B Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein; (3) the opinions expressed herein 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 Town together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of and interest on the Series B Bonds as the same respectively become due and payable; (4) reference should be made to the Official Statement for factual information which, in the judgment of the Town, would materially affect the ability of the Town to pay such principal and interest; and (5) while we have participated in the preparation of the 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 Town, in connection with the sale of the Series B Bonds, 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

We have examined an executed Series B Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

/s/ Barclay Damon LLP