

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 4, 2020

**RENEWAL ISSUES
BOOK-ENTRY-ONLY NOTES**

**RATING: SEE “RATING” HEREIN
BOND ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See “Tax Matters” herein).

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

**LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
WESTCHESTER AND PUTNAM COUNTIES, NEW YORK**

**\$2,321,785
BOND ANTICIPATION NOTES - 2020
(the “Notes”)**

Date of Issue: August 20, 2020

Maturity Date: August 20, 2021

The Notes are general obligations of the Lakeland Central School District, in Westchester and Putnam Counties, New York (the “District”), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser, the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company (“DTC”) as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. DTC will act as the securities depository for the Notes issued in book-entry form. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their ownership interests in the Notes issued as book-entry-only bonds and notes. Payment of the principal of and interest on such Notes will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Notes as described herein. (See “Book-Entry-Only System” herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes in book-entry form will be made on the Date of Issue listed above.

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

Dated: August __, 2020

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 these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

**LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
WESTCHESTER AND PUTNAM COUNTIES, NEW YORK**

BOARD OF EDUCATION

Michael G. Daly.....President
Denise Kness..... Vice President
Becky BurfeindTrustee
Angela ContiTrustee
Adam E. KaufmanTrustee
Robert E. Mayes.....Trustee
Rachelle NardelliTrustee
Donald Pinkowsky.....Trustee
Karen PressmanTrustee

DISTRICT OFFICIALS

Dr. Brendan Lyons..... Superintendent of Schools
Binoy Alunkal..... Business Manager
Lynn Cosenza.....District Clerk
Jose Guevara District Treasurer
Shaw, Perelson, May & Lambert, LLP..... School Attorney

INDEPENDENT AUDITOR

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

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC

*Hudson Valley * Long Island * New York City * Southern Tier * Western New York*
(516) 487-9818

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

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
THE NOTES	1
Description of the Notes	1
Authority for and Purpose of the Notes	1
Optional Redemption	2
Nature of the Obligation	2
REMEDIES UPON DEFAULT	2
No Past Due Debt	3
Bankruptcy	4
SECTION 99-B OF THE STATE FINANCE LAW	4
DESCRIPTION OF BOOK-ENTRY SYSTEM	5
MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE	6
CYBERSECURITY	7
THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS	7
LITIGATION	8
TAX MATTERS	8
Opinion of Bond Counsel	8
Certain Ongoing Federal Tax Requirements and Certifications	9
Certain Collateral Federal Tax Consequences	9
Original Issue Discount	9
Note Premium	10
Information Reporting and Backup Withholding	10
Miscellaneous	11
LEGAL MATTERS	11
DISCLOSURE UNDERTAKING	11
MUNICIPAL ADVISOR	11
RATING	11
ADDITIONAL INFORMATION	12

APPENDIX A

<u>Page</u>	<u>Page</u>
THE DISTRICT	A-1
General Information	A-1
District Organization	A-1
Financial Organization	A-1
Financial Statements and Accounting Procedures	A-1
Budgetary Procedure	A-2
School Enrollment Trends	A-2
District Facilities	A-2
Employees	A-3
Employee Pension Benefits	A-3
Other Post Employment Benefits	A-4
Investment Policy	A-5
FINANCIAL FACTORS	A-6
Real Property Taxes	A-6
State Aid	A-7
Events Affecting New York School Districts	A-9
Other Revenues	A-10
Independent Audits	A-10
REAL PROPERTY TAXES	A-11
Assessed and Full Valuations	A-11
Tax Limit	A-12
The Tax Levy Limit Law	A-12
Tax Collection Procedure	A-12
STAR - School Tax Exemption	A-13
Ten of the Largest Taxpayers	A-14
DISTRICT INDEBTEDNESS	A-14
Constitutional Requirements	A-14
Statutory Procedure	A-15
Constitutional Debt-Contracting Limitation	A-16
Statutory Debt Limit and Net Indebtedness	A-16
Short-Term Indebtedness	A-16
Bond Anticipation Notes	A-17
Energy Performance Contract	A-17
Trend of Capital Indebtedness	A-17
Overlapping and Underlying Debt	A-18
Debt Ratios	A-18
Authorized and Unissued Debt	A-18
Debt Service Schedule	A-19
ECONOMIC AND DEMOGRAPHIC DATA	A-19
Population	A-19
Income	A-19
Employment	A-20
Transportation	A-21
Utilities	A-21

APPENDIX B – FINANCIAL STATEMENT SUMMARIES

APPENDIX C – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX D – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

APPENDIX E – FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS

OFFICIAL STATEMENT

**LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
WESTCHESTER AND PUTNAM COUNTIES, NEW YORK**

relating to

**\$2,321,785
BOND ANTICIPATION NOTES - 2020**

This Official Statement, which includes the cover page, inside cover page and appendices thereto has been prepared by the Lakeland Central School District of Shrub Oak in Westchester and Putnam Counties, in the State of New York (the “District,” “Counties,” and “State,” respectively), in connection with the sale by the District of \$2,321,785 Bond Anticipation Notes – 2020 (the “Notes”).

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

THE NOTES

Description of the Notes

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

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

Authority for and Purpose of the Notes

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and various bond resolutions adopted by the Board of Education of the District following the approval by a majority of the qualified voters of the District, authorizing the issuance of serial bonds to finance the purchase of school buses, vehicles and related equipment.

Proceeds from the sale of the Notes, together with \$1,154,162 of budgetary appropriations, will be used to redeem the District’s Bond Anticipation Notes for Vehicles – 2019, which mature on August 21, 2020.

<u>Date</u> <u>Authorized</u>	<u>Original</u> <u>Issue Date</u>	<u>Purpose</u>	<u>Notes</u> <u>Outstanding</u>	<u>Note</u> <u>Payments</u>	<u>Amount to</u> <u>Notes</u>
06-11-15	08-27-15	School Buses and Vehicles	\$ 191,300	\$ 191,300	\$ 0
07-07-16	08-25-16	School Buses and Vehicles	506,800	253,400	253,400
06-08-17	08-24-17	School Buses and Vehicles	855,000	285,000	570,000
06-17-18	08-23-18	School Buses and Vehicles	797,847	199,462	598,385
06-06-19	08-22-19	School Buses and Vehicles	<u>1,125,000</u>	<u>225,000</u>	<u>900,000</u>
		Total:	<u>\$3,475,947</u>	<u>\$1,154,162</u>	<u>\$2,321,785</u>

Optional Redemption

The Notes will not be subject to redemption prior to maturity.

Nature of the Obligation

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Notes are being issued to finance voter approved capital expenditures, the Notes qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*" herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment

of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

No Past Due Debt

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness. (See also, "*Compliance History*" herein.)

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes 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. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any 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 or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

BOOK-ENTRY-ONLY SYSTEM

In the event the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each 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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede &

Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

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

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at 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 District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. 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, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

CYBERSECURITY

The District, 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 District 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 District 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 District digital networks and systems and the costs of remedying any such damage could be substantial.

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC 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 District as "No Designation," with a fiscal score of 0.0% and an environmental score of 10.0%.

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. OSC has not reviewed the District in the last five fiscal years.

See the State Comptroller's official website for more information on FSMS. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

LITIGATION

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

General. In common with other school districts, the District from time to time receives various notices of claim and is a party to litigation. In the opinion of legal counsel to the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have a material adverse effect on the financial condition of the District.

Tax Certiorari Claims. The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

It is not possible to estimate the outcome of all pending tax certiorari cases. Tax certiorari claims are frequently settled for amounts substantially less than the original claims. In addition, settlements sometimes provide for reduced assessments in future years rather than a refund of taxes previously paid. The District maintains a tax certiorari reserve which had a balance of \$5,505,670 at June 30, 2019. Pursuant to State law, the District has designated its tax certiorari reserve for the payment of judgments and settlements of specific claims including certain large proceedings. The District may also finance tax certiorari judgements and settlements by issuing debt pursuant to provisions set forth in the Local Finance Law.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel 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, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded

from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor”

generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and will be in substantially the form attached hereto in Appendix D.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). In order to assist the purchasers in complying with the Rule with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events for the Notes, the form of which is attached hereto as Appendix E.

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

RATING

The District did not request a rating of the Notes.

The District's outstanding, uninsured bonds are assigned a rating of "Aa1" by Moody's.

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Business Manager, Binoy Alunkal, 1086 E. Main Street, Shrub Oak, NY 10588, (914) 245-1700 ext. 39008, e-mail: balunkal@lakelandschools.org or from the District's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9818.

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

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

LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
WESTCHESTER COUNTY, NEW YORK

By: _____
Michael G. Daly
President of the Board and Chief Fiscal Officer

DATED: August __, 2020

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The District encompasses an area of approximately 42 square miles and is located in northwestern Westchester County and southwestern Putnam County about 35 miles north of New York City. The major part of the District (89%) is located in Westchester County, embracing portions of the Towns of Yorktown (50%), Cortlandt (39%) and Somers (only 0.16%). In Putnam County, the District includes parts of the Towns of Putnam Valley (2%), Carmel (4%) and Philipstown (5%). In addition, the District serves the unincorporated communities at Shrub Oak, Toddville, Mohegan Lake, Continental Village and Van Cortlandtville.

The area is primarily residential in character, with some commercial development as well as minor agricultural activity. Most residential development consists of single family homes, but apartment complexes and estates are also located within the area. Commercial facilities are mainly of the suburban shopping center variety, as well as chain and department stores

There is a considerable commuter population in the District, due to the proximity to New York City where residents hold positions in industry, finance and are engaged in the professions. Recreational facilities within the District, notably Mohegan Lake, are supplemented by nearby Franklin D. Roosevelt State Park and Bear Mountain State Park.

Rail transportation is provided by Metro-North; highways serving the District include the Taconic State Parkway, Bear Mountain Parkway and New York State Routes 6, 9, 35, and 202. The area is also covered by an extensive network of County and Town roads.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District.

The legislative power of the District is vested in the Board of Education. On the third Tuesday of May of each year an election is held within the District boundaries to elect members of the Board of Education. They are elected for a term of three years.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time an election is held within the Board to elect a president and vice president, as well as to appoint a District Clerk and District Treasurer.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include a Superintendent of Schools, Business Manager, Assistant Superintendent for Instruction, Assistant Superintendent for Human Resources, Assistant Superintendent for Pupil Personnel, District Treasurer and District Clerk

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Business Manager and the District Clerk.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

Budgetary Procedure

The District’s fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District’s financial plan and enrollment projection are reviewed and updated and the first draft of the next year’s proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District’s budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*The Tax Levy Limit Law*” herein).

The Budget for the 2020-21 fiscal year was approved by a majority of the voters of the District on June 9, 2020. See Appendix B for a summary of the 2019-20 and 2020-21 budgets.

School Enrollment Trends

The trend of school enrollments and projections is set forth below.

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Enrollment</u> <u>History</u>	<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Enrollment</u> <u>Projections</u>
2016	5,746	2021	5,624
2017	5,670	2022	5,699
2018	5,629	2023	5,715
2019	5,557	2024	5,730
2020	5,599	2025	5,750

District Facilities

The District operates eight schools; statistics relating to each are shown below.

<u>Name</u>	<u>Capacity</u>	<u>Year of Original</u> <u>Construction</u> <u>Or Addition</u>
Lakeland High School	1,344	1963
Walter Panas High School	1,963	1970 (addition in 1997)
Van Cortlandtville Elementary School	1,015	1952 (addition in 1958)
Lakeland Copper Beech Middle School	1,484	1969 (addition in 2000)
Thomas Jefferson Elementary School	745	1957 (addition in 1960)
Lincoln Titus Elementary School	745	1957 (addition in 1960)
George Washington Elementary School	881	1957 (addition in 1960)
Benjamin Franklin Elementary School	340	1967

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

Employees

The District provides educational services through approximately 1,100 employees. The following collective bargaining units represent certain District employees.

<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Association of Lakeland Administrators & Chairpersons	29	June 30, 2022
Lakeland Federation of Nurses	17	June 30, 2022
Lakeland Federation of Teachers	519	June 30, 2022
CSEA - Civil Service	489	June 30, 2022
Confidential Management	14	June 30, 2022

Employee Pension Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year’s full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. Tier 5 ERS employees contribute 3% of their salaries and TRS employees contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. Tier 6 has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee’s pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, in Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has already established and funded its reserve.

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

ERS. The District’s contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the fiscal years ended June 30, 2015 through 2019, inclusive, and the amounts budgeted for the 2020 and 2021 fiscal years are as follows:

Fiscal Year Ended	<u>ERS</u>	<u>TRS</u>
<u>June 30:</u>		
2015	\$3,548,143	\$10,762,922
2016	3,331,386	8,067,908
2017	3,025,334	7,310,169
2018	3,138,407	6,225,289
2019	3,274,157	5,653,989
2020 (Budget)	2,991,481	6,200,869
2021 (Budget)	3,350,634	6,970,916

Other Post Employment Benefits

The District implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state

and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The District’s total OPEB liability as of June 30, 2019 was \$287,722,777 using a discount rate of 3.1% and actuarial assumptions and other inputs as described in the District’s June 30, 2019 audited financial statements.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed legislation or guidelines for the creation and use of reserve funds or irrevocable trusts for the funding of OPEB. The District continues funding the expenditure on a pay-as-you-go basis.

Legislation was introduced in the State Legislature to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. This legislation would authorize the establishment of a trust by resolution of the local government’s governing body which would serve as the trustee (unless trustee authority is delegated to the local government’s chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with the written investment policy developed by the trustee and the written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust. The District can’t predict whether the bill will be enacted into law.

Investment Policy

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

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

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent

such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

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

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the most recent audited five-year period ending June 30, is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the New York Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” herein.)

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

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

Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues⁽¹⁾</u>	<u>Real Property Taxes⁽²⁾</u>	<u>Real Property Taxes to Revenues</u>
2015	\$154,048,541	\$111,935,980	72.7%
2016	154,190,674	112,458,054	72.9
2017	156,444,854	112,752,407	72.1
2018	158,877,763	113,893,265	71.7
2019	163,009,712	114,814,052	70.4
2020 (Adopted Budget)	164,095,195	116,683,323	71.1
2021 (Adopted Budget)	159,235,049	116,683,323	73.3

(1) General Fund only.

(2) Inclusive of Other Tax Items, which represents STAR tax payments made to the District by the State. (See “STAR - School Tax Exemption,” herein).

Source: Audited Financial Statements and Adopted Budgets of the District. This summary is not audited.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

State Aid

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenue</u>
2015	\$154,048,541	\$38,596,921	25.1%
2016	154,190,674	38,108,809	24.7
2017	156,444,854	39,988,380	25.6
2018	158,877,763	40,713,308	25.6
2019	163,009,712	42,642,533	26.2
2020 (Adopted Budget)	164,095,195	43,144,000	26.3
2021 (Adopted Budget)	159,235,049	38,829,600	23.6

Source: Audited Financial Statements and Adopted Budgets of the District. This summary is not audited.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State.

If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. (See "*Event Affecting New York School Districts*" herein).

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continued authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020. Specifically, the legislation allowed the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduced federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduced federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized

by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity (“CFE”) v. State of New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* (“CFE”) v. State of New York, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State’s public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting New York School Districts

The recent history of state aid to school districts in the State for the last five years is as follows:

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the State’s 2015-16 Enacted Budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the State’s 2016-17 Enacted Budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase related to (\$100 million) Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State’s 2017-18 Enacted Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the State’s 2016-17 Enacted Budget. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as was the State’s usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link

school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Enacted Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget includes a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases are targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid will increase by approximately 4.5% and building aid will increase by approximately 3.7%. The State 2019-2020 Enacted Budget continues to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 is expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year or in future fiscal years. However, the District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financing of the State and School Districts of the State*" herein).

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

Independent Audits

The District retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2018. Appendix B, attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years.

In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See “*The State Comptroller’s Fiscal Stress Monitoring System and OSC Compliance Reviews*” herein.

REAL PROPERTY TAXES

Assessed and Full Valuations

Real Property Tax Assessments, Rates and Collections For the Fiscal Year Ending June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Values:					
Cortlandt	\$34,729,768	\$34,557,372	\$ 34,446,999	\$ 34,619,688	\$ 35,434,352
Somers	3,930,659	4,093,360	4,268,636	4,252,902	4,202,973
Yorktown	48,538,074	48,907,318	48,648,743	48,606,134	48,558,840
Carmel	98,704,110	97,961,442	166,295,600	181,866,631	183,562,229
Philipstown	112,381,580	111,810,590	111,445,639	111,887,827	109,921,705
Putnam Valley	<u>80,502,105</u>	<u>81,903,845</u>	<u>82,636,745</u>	<u>86,032,392</u>	<u>88,872,086</u>
Total Assessed Values	<u>\$378,786,296</u>	<u>\$379,233,927</u>	<u>\$447,742,362</u>	<u>\$467,265,574</u>	<u>\$470,552,185</u>
Equalization Rates:					
Cortlandt	1.88%	1.84%	1.71%	1.70%	1.65%
Somers	13.08	12.95	13.25	12.67	12.21
Yorktown	2.51	2.56	2.46	2.38	2.35
Carmel	60.00	59.00	100.00	100.00	100.00
Philipstown	46.43	46.50	46.85	46.85	46.95
Putnam Valley	100.00	100.00	100.00	103.94	102.99
Full Values:					
Cortlandt	\$1,847,328,085	\$1,878,118,043	\$2,014,444,386	\$2,036,452,235	\$2,147,536,485
Somers	30,050,910	31,608,958	32,216,121	33,566,709	34,422,383
Yorktown	1,933,787,809	1,910,442,109	1,977,591,179	2,042,274,538	2,066,333,617
Carmel	164,506,850	166,036,342	166,295,600	181,866,631	183,562,229
Philipstown	242,045,186	240,452,882	237,877,565	238,821,402	234,125,037
Putnam Valley	<u>80,502,105</u>	<u>81,903,845</u>	<u>82,636,745</u>	<u>82,771,206</u>	<u>86,291,957</u>
Total Full Values	<u>\$4,298,220,945</u>	<u>\$4,308,562,179</u>	<u>\$4,511,061,596</u>	<u>\$4,615,752,721</u>	<u>\$4,752,271,708</u>
Annual Tax Levy	<u>\$112,478,132</u>	<u>\$113,040,523</u>	<u>\$113,888,327</u>	<u>\$114,970,266</u>	<u>\$116,683,323</u>
Tax Rates Per \$1,000					
Assessed Valuation:					
Cortlandt	\$1,390.60	\$1,422.93	\$1,475.05	\$1,462.54	\$1,484.49
Somers	200.02	202.00	190.36	196.24	200.73
Yorktown	1,042.33	1,233.36	1,025.34	1,044.67	1,042.97
Carmel	42.44	44.32	24.81	25.28	24.92
Philipstown	57.29	57.31	55.09	53.95	53.07
Putnam Valley	26.57	26.61	25.62	24.32	24.18

Source: District officials, County and the State Office of Real Property Taxes (the “ORPTS”).

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the New York Laws of 2011, as amended, imposes a statutory limit on the amount of real property taxes that a school district may levy. (See “*The Tax Levy Limit Law*” herein.)

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the “Tax Levy Limit Law” or “Law”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Notes) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*Nature of Obligation*” herein).

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Tax Collection Procedures

Westchester County Towns. Real property taxes for school purposes are levied by the District but are collected by the towns comprising the District. Such taxes may be paid in two equal installments on September 1 and January 1 and may be paid without penalty on or before September 30 and January 31, respectively. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 2% in the month of October and increases to a maximum of 12% for all payments received the following April and thereafter. According to the Westchester County Tax Code, the towns must remit school tax collections to the District by the fifth day of the month following their collection. The towns are obligated to pay the District the full amount of its current tax levy by April 1.

Putnam County Towns. Real property taxes for school purposes are collected by the District. School taxes are levied on September 1 and are payable in full on or before September 30 without penalty. Taxes may also be paid in two installments on September 15 and March 15 with a 4% penalty attached to each installment. Putnam County is required to pay the District the amount of its uncollected taxes within ten days after receiving the statement of unpaid school taxes. The District is therefore guaranteed 100% of its real property tax levy during the current fiscal year.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget includes changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-2020 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

Approximately 15.46% of the District’s 2019-20 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. District officials expect a similar percentage of the of the District’s 2020-21 school tax levy to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2021 (See “*State Aid*” herein).

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

Ten of the Largest Taxpayers

2019 Roll for 2020-21 Taxes

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Full Valuation</u>	<u>% of Total Full Valuation⁽¹⁾</u>
Con Edison Co. of NY	Utility	\$ 128,295,069	2.70%
Cortlandt Town Center LLC	Shopping Center	95,637,821	2.01
Mall At Jefferson	Regional Shopping Center	68,104,911	1.43
Algonquin Gas Transportation Co	Gas Pipeline Company	60,082,766	1.26
Acadia Cortlandt Crossing	Retail/Office	42,671,747	0.90
Curry Properties LLC	Real Estate Company	21,203,526	0.45
MG Mohegan Owner 1	Condominium	17,779,018	0.37
Yorkcon Properties Inc.	Retail	17,381,410	0.37
NYS Electric & Gas Corp	Utility	17,318,565	0.36
HD Development of Maryland	Retail	<u>10,987,179</u>	<u>0.23</u>
		<u>\$479,461,737</u>	<u>10.0%</u>

(1) The total full valuation of the District for the fiscal year ended June 30, 2020 is \$4,752,271,708.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District 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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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 periods of probable usefulness of the objects or purposes determined by statute or, in the alternative, the weighted average period of usefulness of the several objects or purposes for which such indebtedness is to be contracted, no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a

statutory limitation on the power of the District to increase its annual tax levy. (See “*Nature of the Obligation*” and “*The Tax Levy Limit Law*” herein).

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District 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 Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications of such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure for the validation of the bond resolutions adopted in connection with the issuance of the Notes.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes, to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Notes. Further, the New York Constitution prohibits the State Legislature from restricting the power of the District to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the New York Laws of 2011, as amended, imposes a statutory limit on the District’s power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Notes. (See “*The Tax Levy Limit Law*,” herein).

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

Constitutional Debt-Contracting Limitation

Computation of Debt Contracting Limitation

<u>Town</u>	<u>Assessed Valuations</u>	<u>Equalization Rate ⁽¹⁾</u>	<u>Full Valuations</u>
Cortlandt	\$ 35,434,352	1.65%	\$2,147,536,485
Somers	4,202,973	12.21	34,422,383
Yorktown	48,558,840	2.35	2,066,333,617
Carmel	183,562,229	100.00	183,562,229
Phillipstown	109,921,705	46.95	234,125,037
Putnam Valley	88,872,086	102.99	<u>86,291,957</u>
Total Full Valuation			\$4,752,271,708
Debt-Contracting Limitation: (10% of Full Valuation)			\$ 475,227,171

(1) Final rates as established by the ORPTS.

Statutory Debt Limit and Net Indebtedness

**Statement of Debt Limit and Net Indebtedness
As of August 4, 2020**

	<u>Amount</u>	<u>Percentage of Debt Limit</u>
Debt Contracting Limitation:	\$475,227,171	100.00%
Gross Indebtedness:		
Serial Bonds ⁽¹⁾	20,260,000	4.26
Bond Anticipation Notes	<u>3,475,947</u>	0.73
	23,735,947	5.00
Deductions ⁽²⁾	<u>0</u>	0.00
Net Direct Debt	<u>23,735,947</u>	5.00
Net Debt Contracting Margin	<u>\$451,491,224</u>	95.00%

(1) Does not include energy performance contract lease outstanding in the amount of \$1,831,813 as of July 16, 2018.

(2) The District estimates that it will receive approximately \$17.2 million State School Building Aid but such amount has not been certified by the State and no deduction has been taken to compute the District's debt limit.

Short-Term Indebtedness

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

The District is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for these purposes are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes, and five years for tax anticipation notes. In common with many school districts in the State, the District from time to time finds it necessary to borrow in anticipation of the receipt of its real property taxes.

The District last issued tax anticipation notes in the fiscal year ending June 30, 2007 and last issued revenue anticipation notes in the fiscal year ending June 30, 2003.

Bond Anticipation Notes

The following table shows the amount of bond anticipation notes currently outstanding, the purposes for which they were issued, dates of original issuance and the current maturity date. These notes will be redeemed from proceeds of the Notes and \$1,154,162 of cash on hand.

Bond Anticipation Notes Outstanding as August 4, 2020				
<u>Purpose</u>	<u>Original Issue Date</u>	<u>Current Maturity</u>	<u>Amount Outstanding</u>	
Purchase of Buses & Vehicles	08-27-15	08/21/20	\$	191,300
Purchase of Buses & Vehicles	08-25-16	08/21/20		506,800
Purchase of Buses & Vehicles	08-24-17	08/21/20		855,000
Purchase of Buses & Vehicles	08-23-18	08/21/20		797,847
Purchase of Buses & Vehicles	08-22-19	08/21/20		<u>1,125,000</u>
Total				<u>\$3,475,947</u>

Energy Performance Contract

The District has an Energy Performance Contract outstanding in the amount of \$625,392 as of June 30, 2020. A principal payment of \$625,392 will be made during the 2020-21 fiscal year.

Trend of Capital Indebtedness

The following table sets forth the total capital indebtedness outstanding at the end of each of the last completed five fiscal years.

	<u>Fiscal Years Ending June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Bonds	\$30,700,000	\$36,375,000	\$31,295,000	\$26,040,000	\$20,615,000
Bond Anticipation Notes	<u>2,011,892</u>	<u>2,706,744</u>	<u>3,374,196</u>	<u>3,460,957</u>	<u>3,475,947</u>
Total	<u>\$32,711,892</u>	<u>\$39,081,744</u>	<u>\$34,669,196</u>	<u>\$29,500,957</u>	<u>\$24,090,947</u>

(1) Unaudited.

Overlapping and Underlying Debt

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated gross outstanding indebtedness (bonds and notes) of such political subdivisions, based on information furnished by such entities, but not independently verified, is as follows:

Statement of Direct and Overlapping Indebtedness

Gross Direct Indebtedness	\$23,735,947
Exclusions and Deductions	-0-
	<hr/>
Net Direct Indebtedness	\$23,735,947

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Indebtedness</u>	<u>Percent Applicable</u>	<u>Applicable Net Indebtedness</u>
Counties:				
Westchester County	04/14/20	\$1,225,492,640	2.31%	\$28,308,880
Putnam County	09/16/19	52,963,125	3.55	1,880,191
Towns:				
Cortlandt	09/20/19	4,850,000	44.66	2,166,010
Somers	12/31/19	4,462,590	0.71	31,684
Yorktown	06/15/19	16,976,639	43.84	7,442,559
Carmel	10/17/19	21,314,415	3.69	786,502
Philipstown	01/03/20	792,256	5.27	41,752
Putnam Valley	12/16/18	1,005,000	1.83	<u>18,392</u>
Total Overlapping Indebtedness				\$40,675,970

Debt Ratios

The following table sets forth certain debt ratios relating to the District's indebtedness.

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt To Full Value⁽²⁾</u>
Net Direct:	\$23,735,947	\$ 644	0.50%
Net Direct and Overlapping Debt:	64,411,917	1,750	1.36

- (1) The District's population for 2016, according to the U.S. Census Bureau, is estimated at 36,810.
- (2) The District's estimated full valuation of taxable real estate for 2020-2021 is \$4,752,271,708.

Authorized and Unissued Debt

Following the issuance of the Notes, the District will have \$4,200,000 authorized but unissued for the Lakeland Copper Beech Middle School Roof Project.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness, exclusive of economically defeased obligations.

Fiscal Years Ending <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>	Cumulative Principal <u>Paid</u>
2021 ⁽¹⁾	\$4,445,000	\$532,513	\$4,977,513	21.94%
2022	2,700,000	372,638	3,072,638	35.27
2023	2,420,000	285,888	2,705,888	47.21
2024	2,470,000	227,688	2,697,688	59.40
2025	2,510,000	167,119	2,677,119	71.79
2026	1,030,000	120,425	1,150,425	76.88
2027	1,060,000	88,650	1,148,650	82.11
2028	700,000	65,500	765,500	85.56
2029	710,000	51,400	761,400	89.07
2030	725,000	37,050	762,050	92.65
2031	740,000	22,400	762,400	96.30
2032	<u>750,000</u>	<u>7,500</u>	<u>757,500</u>	100.00
Totals	<u>\$20,260,000</u>	<u>\$1,978,771</u>	<u>\$22,238,771</u>	

(1) For the entire fiscal year.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2017</u>
Towns					
Yorktown	36,318	36,081	36,900	(0.7%)	2.3%
Cortlandt	38,467	41,592	42,816	8.3	2.9
County	923,459	949,113	975,321	2.8	2.8
State	18,976,457	19,378,102	19,798,228	2.1	2.2

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

Income

The following tables present per capita money income statistics for each of the major towns comprising the District, and comparative information for the County and State. However, such information is not necessarily representative of the District as a whole.

Per Capita Money Income

	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Towns:			
Cortlandt	\$42,815	\$49,381	15.3%
Yorktown	44,667	49,205	10.2
County	47,814	52,049	8.9
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**

	Median Income	Income Groups - % of Families				
		Under \$25,000	\$25,000 -49,999	\$50,000 -74,999	\$75,000 -99,999	\$100,000 or More
Yorktown	\$134,593	2.2%	9.7%	8.3%	10.1%	69.7%
Cortlandt	129,658	6.6	8.2	12.2	10.6	62.4
County	114,923	8.9	12.9	11.7	10.2	56.2
State	77,141	14.6	18.1	16.1	13.1	38.1

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

Employment

The following tables present employment and unemployment information for each of the major towns comprising the District and comparative information for the County and State. However, such information is not necessarily representative of the District as a whole.

Average Unemployment Rates

Year	Town of Cortlandt	Town of Yorktown	County	State	United States
2015	4.2%	4.4%	4.5%	5.3%	5.3%
2016	3.9	4.2	4.3	4.9	4.9
2017	4.2	4.3	4.5	4.7	4.4
2018	3.6	3.7	3.9	4.1	3.9
2019	3.5	3.5	3.8	4.0	3.6
Jan 2020	3.8	3.7	4.0	4.1	3.6
Feb	3.8	3.7	3.9	3.9	3.5
March	3.8	3.9	4.0	4.2	4.4
Apr	13.9	14.7	14.1	15.1	14.7
May	10.2	10.8	11.1	14.2	13.3
June	11.0	11.6	12.5	15.6	11.1

(1) Monthly Rates.

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

Major Private Sector Employers in the County

Name of Business	Nature of The Business
* Consolidated Edison	Utility services
New York Medical College	Medical School and Research
* IBM Corporation	Computer products and research services
ITT Corp	Water and fluid management
* MasterCard	Financial services
Pace University	Private university
* Pepsico, Inc.	Soft drinks and snack foods
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
St. John's Riverside Hospital	Hospital and health care services
Westchester Medical Center	Hospital and health care services
White Plains Hospital	Hospital and health care services

* Headquarters or major branch operations in Westchester.

Source: Official Statement of Westchester County, dated December 5th 2017. Compiled by the Westchester Business Journal as of April 2017.

Transportation

The District is served by all major forms of transportation. Highway facilities providing access to the District include U.S. Routes 9, 6 and 202, State Routes 9A, 9D and 129 and the Taconic State Parkway. Railroad passenger service is available from the Hudson Division of the Metro North Commuter Railroad. The Westchester County Airport, the New York City area airports (LaGuardia, Kennedy and Newark) as well as Stewart International Airport in Newburgh are easily accessible to residents of the District and provide domestic and international air service on a regular basis.

Utilities

Consolidated Edison Co., New York State Electric and Gas and Verizon provide residents of the District with basic utilities. Water and sewer systems are a combination of municipal and private systems.

END OF APPENDIX A

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

**LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
GENERAL FUND
BALANCE SHEET**

AS OF JUNE 30:

	2015	2016	2017	2018	2019
ASSETS					
Cash and Equivalents	\$ 41,196,937	\$ 41,433,530	\$ 51,008,591	\$ 57,976,234	\$ 65,540,224
Receivables:					
Accounts Receivable	161,140	75,803	97,084	619,769	482,889
State and Federal Aid	4,408,367	4,038,949	2,930,847	3,182,450	4,334,355
Due From Other Governments	675,762	597,026	507,290	440,140	449,961
Due From Other Funds	1,883,669	9,297,757	5,188,848	3,288,693	1,503,771
Prepaid Expenditures	-	-	-	-	62,500
Total Assets	\$ 48,325,875	\$ 55,443,065	\$ 59,732,660	\$ 65,507,286	\$ 72,373,700
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 333,026	\$ 213,430	\$ 367,029	\$ 274,411	\$ 282,058
Accrued Liability	553,985	486,602	556,222	587,381	491,904
Due To Other Funds	293,072	600,000	375,592	4,556,380	8,928,195
Due To Other Governments	-	-	-	-	-
Due To Retirement Systems	12,154,508	9,352,473	8,567,210	7,549,537	8,209,550
Total Liabilities	\$ 13,334,591	\$ 10,652,505	\$ 9,866,053	\$ 12,967,709	\$ 17,911,707
Deferred Inflows Of Resources					
State Aid	-	606,302	606,302	546,396	546,396
Total Liabilities and Deferred Inflows Of Resources	\$ 13,334,591	\$ 11,258,807	\$ 10,472,355	\$ 13,514,105	\$ 18,458,103
Fund Balance:					
Nonspendable	\$ 606,302	\$ -	\$ -	\$ -	\$ 62,500
Restricted	14,808,351	20,432,703	37,118,413	39,891,644	41,526,069
Assigned	13,129,666	17,304,590	5,634,109	5,438,563	5,394,719
Unassigned	6,446,965	6,446,965	6,507,783	6,662,974	6,932,309
Total Fund Balance	\$ 34,991,284	\$ 44,184,258	\$ 49,260,305	\$ 51,993,181	\$ 53,915,597
Total Liabilities and Fund Balance	\$ 48,325,875	\$ 55,443,065	\$ 59,732,660	\$ 65,507,286	\$ 72,373,700

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

AS OF JUNE 30:

	2015	2016	2017	2018	2019
REVENUES:					
Real Property Taxes	\$ 89,368,333	\$ 89,369,299	\$ 90,311,503	\$ 92,222,582	\$ 93,941,084
Other Tax Items	22,567,647	23,088,755	22,440,904	21,670,683	20,872,968
Non-Property Taxes	1,541,100	1,568,615	1,590,291	1,698,994	1,740,946
Charges For Services	1,232,322	1,043,919	1,139,349	995,227	1,167,054
Use Of Money And Property	251,843	259,277	309,691	943,183	1,798,585
Sale Of Property And					
Compensation For Loss	126,746	147,378	117,664	141,128	172,719
State Aid	38,596,921	38,108,809	39,988,380	40,713,308	42,642,533
Federal Aid	44,175	96,936	85,581	91,188	146,596
Miscellaneous	319,454	507,686	461,491	401,470	527,227
Total Revenues	\$ 154,048,541	\$ 154,190,674	\$ 156,444,854	\$ 158,877,763	\$ 163,009,712
EXPENDITURES:					
Current:					
General Support	\$ 12,353,978	\$ 11,839,516	\$ 12,374,497	\$ 12,408,564	\$ 12,963,719
Instruction	79,771,188	80,984,893	82,089,997	83,955,841	86,830,475
Pupil Transportation	6,575,957	6,423,004	6,478,510	6,716,116	7,222,668
Employee Benefits	39,535,080	36,616,234	35,943,371	36,402,254	37,745,740
Debt Service	6,286,256	6,227,355	6,388,085	6,975,691	6,945,467
Total Expenditures	\$ 144,522,459	\$ 142,091,002	\$ 143,274,460	\$ 146,458,466	\$ 151,708,069
Excess of Revenues Over Expenditures	\$ 9,526,082	\$ 12,099,672	\$ 13,170,394	\$ 12,419,297	\$ 11,301,643
OTHER FINANCING USES:					
Operating Transfers - Out	\$ (1,353,188)	\$ (2,906,698)	\$ (8,094,347)	\$ (9,686,421)	\$ (9,379,227)
Net Change in Fund Balance	\$ 8,172,894	\$ 9,192,974	\$ 5,076,047	\$ 2,732,876	\$ 1,922,416
Fund Balance - Beginning of Year	\$ 26,818,390	\$ 34,991,284	\$ 44,184,258	\$ 49,260,305	\$ 51,993,181
Fund Balance - End of Year	\$ 34,991,284	\$ 44,184,258	\$ 49,260,305	\$ 51,993,181	\$ 53,915,597

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

**LAKELAND CENTRAL SCHOOL DISTRICT OF SHRUB OAK
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS
GENERAL FUND**

	Adopted Budget 2019-2020	Adopted Budget 2020-2021
ESTIMATED REVENUES:		
Real Property Taxes *	\$ 116,683,323	\$ 116,683,323
Real Property Tax Items	15,000	15,000
Non-Property Taxes	1,700,000	1,700,000
Charges and Fees	855,872	846,126
Use of Money and Property	1,092,000	501,000
Sale of Property and Compensation for Loss	135,000	135,000
Refund of Prior Year Expenses	220,000	275,000
Other	200,000	200,000
State Aid	43,144,000	38,829,600
Federal Aid	50,000	50,000
	\$ 164,095,195	\$ 159,235,049
TOTAL ESTIMATED REVENUES		
APPROPRIATIONS:		
General Support	\$ 13,515,049	\$ 13,676,124
Instruction	90,608,827	94,273,995
Pupil Transportation	7,861,876	8,237,426
Employee Benefits	38,567,581	40,759,812
Debt Service	8,011,902	6,841,665
Interfund Transfers	16,305,000	1,008,000
	\$ 174,870,235	\$ 164,797,022
TOTAL APPROPRIATIONS		
APPROPRIATED FUND BALANCE	\$ 10,775,040	\$ 5,561,973

* Includes STAR reimbursement.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019*

**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/ER1390328.pdf>

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

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

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

August 20, 2020

The Board of Education of
Lakeland Central School District of Shrub Oak, in the
Counties of Westchester and Putnam, New York

We have acted as Bond Counsel to the Lakeland Central School District of Shrub Oak (the "School District"), in the Counties of Westchester and Putnam, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the \$2,231,785 Bond Anticipation Notes - 2020 (the "Note"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to its date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such

requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. 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, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the adequacy, sufficiency or completeness of the Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other documents, containing financial or other information relative to the School District which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in said Note.

Very truly yours,

APPENDIX E

FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean Lakeland Central School District of Shrub Oak, in the Counties of Westchester and Putnam, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of August 20, 2020.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$2,321,785 Bond Anticipation Notes-2020, dated August 20, 2020, maturing on August 20, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 20, 2020.

**LAKELAND CENTRAL SCHOOL DISTRICT
OF SHRUB OAK**

By _____
President of the Board of Education