

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 12, 2021

**NEW ISSUES
BOOK-ENTRY-ONLY BONDS**

**RATING: SEE "RATING" HEREIN
REFUNDING BONDS AND BOND ANTICIPATION NOTES**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Notes will not be subject to the alternative minimum tax. Interest on the Bonds will be includable in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing law interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion will be rendered by Bond Counsel regarding federal tax consequences arising with respect to the Bonds. See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Village WILL designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986

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

**\$6,615,000*
PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021 (FEDERALLY TAXABLE)
(the "Bonds")**

DATED: Date of Delivery

MATURITY DATE: January 15, 2022- 2039

**\$1,750,000
BOND ANTICIPATION NOTES, 2021
(the "Notes")**

DATED: February 2, 2021

MATURITY DATE: February 2, 2022

The Bonds and the Notes are general obligations of the Village of Scarsdale, in the County of Westchester, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, without limitation as to rate or amount, subject to the statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. (See "*The Tax Levy Limit Law*" herein.)

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable July 15, 2021 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds shall mature on January 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See "*Optional Redemption*" herein.)

The Notes are dated their Date of Delivery and bear interest from that date until the Maturity Date, at the annual rate as specified by the purchaser 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 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, 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 Village, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder.

DTC will act as Securities Depository for the Bonds and for those Notes issued as book-entry notes. Individual purchases of such Bonds and Notes may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds and those Notes issued as book-entry notes. Payment of the principal of and interest on such Bonds and Notes will be made by the Village to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds and Notes as described herein. (See "*Description of Book-Entry System*" herein.)

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

The Bonds and the Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective unqualified legal opinions as to the validity of the Bonds and Notes of Norton Rose Fulbright US LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery on or about February 10, 2021. It is anticipated that the Notes will be available for delivery on or about February 2, 2021.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED, THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE WITH RESPECT TO THE BONDS AND THE NOTES AS DEFINED IN THE RULE (SEE "DISCLOSURE UNDERTAKING" HEREIN.)

Dated: January __, 2021

*Preliminary, subject to change.

This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Notes offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Bonds mature on January 15 in each of the years, as set forth below:

<u>Date</u>	<u>Amount **</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number ***</u>
2022	\$ 75,000	%	%	
2023	70,000			
2024	355,000			
2025	355,000			
2026	360,000			
2027	370,000			
2028	375,000			
2029	385,000			
2030*	390,000			
2031*	400,000			
2032*	405,000			
2033*	415,000			
2034*	420,000			
2035*	430,000			
2036*	435,000			
2037*	435,000			
2038*	450,000			
2039*	470,000			

* The principal maturities of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Sale to reduce or eliminate proceeds of the sale of the Bonds which are not necessary to effect the refunding.

** The Bonds maturing in the year 2030 and thereafter will be subject to optional redemption prior to maturity, as described herein. (See "Optional Redemption" herein.)

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

**Marc Samwick
Mayor**

BOARD OF TRUSTEES

Justin K. Arest..... Trustee
Lena Crandall..... Trustee
Jonathan Lewis..... Trustee
Seth Ross..... Trustee
Rochelle Waldman..... Trustee
Randall B. Whitestone..... Trustee

Stephen M. Pappalardo..... Village Manager
Ann Scaglione..... Village Treasurer
Maria Colotti..... Deputy Village Treasurer

BOND COUNSEL

**Norton Rose Fulbright US LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(516) 570-0340**

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

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OFFICIAL STATEMENT
VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

relating to

\$6,615,000* PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021 (FEDERALLY TAXABLE)

and

\$1,750,000 BOND ANTICIPATION NOTES, 2021

This Official Statement, including the cover page and appendices hereto, presents certain information relating to the Village of Scarsdale in the County of Westchester, State of New York (the "Village," "County" and "State," respectively) in connection with the sale of \$6,615,000* Public Improvement Refunding (Serial) Bonds, 2021 (Federally Taxable) (the "Bonds") and \$1,750,000 Bond Anticipation Notes, 2021 (the "Notes").

The factors affecting the Village's financial condition, the Bonds and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Village's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Village's overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See "*Market Factors Affecting Financings of the State and Municipalities of the State*" herein.)

*Preliminary, subject to change.

THE BONDS

Description of the Bonds

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on July 15, 2021 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds shall mature on January 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See "*Optional Redemption*" herein.)

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

Authorization and the Refunding Plan for the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Village Law, the Local Finance Law, including sections 90.00 and 90.10, and the refunding bond resolution duly adopted by the Village Board on November 10, 2020 (the "Refunding Bond Resolution"). A refunding financial plan has been prepared and is described on the following page (the "Refunding Plan").

The Bonds are being issued to refund up to \$6,090,000 outstanding principal of the Village’s \$8,300,000 Public Improvement (Serial) Bonds, 2014, which mature in the years 2024 to 2039, inclusive (the “Refunded Bonds”). Under the Refunding Plan, the Refunded Bonds are to be called and redeemed on January 15, 2023. The net proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company, (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Village and the Escrow Contract, to pay the redemption price of the Refunded Bonds on the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the Village to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligation bonds of the Village. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Refunded Bonds*:

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Redemption Date/Price*</u>	<u>CUSIP</u>
January 15, 2024	\$ 285,000	3.00%	January 15, 2023 @ 100%	806143 KN2
January 15, 2025	295,000	3.00	January 15, 2023 @ 100%	806143 KP7
January 15, 2026	305,000	3.00	January 15, 2023 @ 100%	806143 KQ5
January 15, 2027	320,000	3.00	January 15, 2023 @ 100%	806143 KR3
January 15, 2028	330,000	3.00	January 15, 2023 @ 100%	806143 KS1
January 15, 2029	345,000	3.00	January 15, 2023 @ 100%	806143 KT9
January 15, 2030	360,000	3.00	January 15, 2023 @ 100%	806143 KU6
January 15, 2031	370,000	3.25	January 15, 2023 @ 100%	806143 KV4
January 15, 2032	380,000	3.25	January 15, 2023 @ 100%	806143 KW2
January 15, 2033	395,000	3.50	January 15, 2023 @ 100%	806143 KX0
January 15, 2034	410,000	4.00	January 15, 2023 @ 100%	806143 KY8
January 15, 2035	425,000	4.00	January 15, 2023 @ 100%	806143 KZ5
January 15, 2036	440,000	4.00	January 15, 2023 @ 100%	806143 LA9
January 15, 2037	460,000	4.00	January 15, 2023 @ 100%	806143 LB7
January 15, 2038	475,000	4.00	January 15, 2023 @ 100%	806143 LC5
January 15, 2039	495,000	4.00	January 15, 2023 @ 100%	806143 LD3
Total:	<u>\$6,090,000</u>			

*Preliminary, subject to change.

Sources and Uses of Proceeds for the Bonds

Sources:

Par Amount
Net Original Issue Premium

Total:

Uses:

Refunding Escrow Deposit
Costs of Issuance and Contingency
Underwriter's Discount

Total:

Verification of Mathematical Computations for the Bonds

PKF O'Connor Davies, LLP will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. PKF O'Connor Davies, LLP will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The Village will act as Paying Agent for any Notes issued in book-entry form and the purchaser will serve as paying agent for the Notes registered in the name of the purchaser. Paying agent fees, if any, **for non-book-entry notes** will be paid by the purchaser.

Authority for and Purpose of the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the General Municipal Law, the Local Finance Law, Village Law and a bond resolutions adopted by the Village Board on October 27, 2020, authorizing the issuance of bonds to finance various improvement to the Village water supply and distribution system.

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before January 15, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2030 will be subject to redemption prior to maturity, at the option of the Village, on any date on or after January 15, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The Village may select the maturities of the Bonds to be redeemed prior to maturity and the amount to be redeemed of each maturity selected, as the Village shall determine to be in the best interest of the Village at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Village by lot in any customary manner of selection as determined by the Village. Notice

of such call for redemption shall be given by mailing such notice to the registered owner not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

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

Nature of Obligation

The Bonds and the Notes when duly issued and paid for will constitute a contract between the Village and the holders thereof.

The Bonds and the Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds and the Notes, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein.)

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein.)

DESCRIPTION OF BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds and those Notes issued in book-entry form. The Bonds and such Notes issued in book-entry form will be issued as fully-registered bonds and 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 bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. One fully-registered note certificate will be issued for each Note issued in book-entry form bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC’s records. The ownership interest of each actual purchaser of each bond or note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and 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 Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and 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 Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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 Bonds and 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 Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Source: The Depository Trust Company

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the Village is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Village are complex and the obligations of the Village, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. Each Bond and Note when duly issued and paid for will constitute a contract between the Village and the purchaser. Such contracts, if not honored, would generally be enforceable

through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds or the Notes.

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

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Village were to fail to make a required appropriation, however, the ability of affected owners of Village indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Village file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds and/or the Notes.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities in New York with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Bonds or the Notes should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds and the Notes could be deemed unsecured obligations of the Village in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Village may be able, without the consent and over the objection of owners of the Bonds and the Notes, to impair and alter the terms and provisions of the Bonds and the Notes, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Bonds and the Notes to receive interest and principal from the Village and the enforceability of the Village's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Village (including the Bonds and the Notes) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds and/or the Notes.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Village, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds and the Notes.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond and/or Note owners will generally be governed by State law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations. Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The State Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds and 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 Village's credit rating could be affected by circumstances beyond the Village'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 Village property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Village's credit rating could adversely affect the market value of the Bonds and/ or the Notes.

If and when an owner of any of the Bonds and/or the Notes should elect to sell all or a part of the Bonds and/or the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds and/or Notes. The market value of the Bonds and the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bonds and Notes are sold prior to their maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere 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 Bonds and/or the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Village to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds and/or the Notes, could be adversely affected.

The Village is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Village's receipt of State aid may be delayed as a result of the State's failure to adopt its

budget timely and/or to appropriate State Aid to municipalities. 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 novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. Should the Village fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Village is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Village will have market access for any such borrowing on a cost effective basis. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds and the Notes, for income taxation purposes could have an adverse effect on the market value of the Bonds and the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds and the Notes. (See "*The Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Village could impair the financial condition of such entities, including the Village and the ability of such entities, including the Village to pay debt service on their respective obligations.

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 Village'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 COVID-19 outbreak 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 continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State 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. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Following a decline in COVID-19 cases, the number of people testing positive in the state and throughout much of the country has recently increased. The administration of COVID-19 vaccines in New York has begun for eligible groups. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Village's operations and finances as a result of COVID-19 is extremely difficult to predict due to 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 spread of the outbreak or resurface later in the year could have a material adverse effect on the State and municipalities, including the Village. The Village is continuously monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

CYBERSECURITY

The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Village 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 Village digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

The Village is involved in various claims and lawsuits, arising in the normal course of operations. Many of these lawsuits are referred to the Village's insurance carrier and are covered under the same. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Village's financial position.

Several tax certiorari proceedings presently are pending against the Village for reduction of assessed value of real property located in the Village. Any such reductions will result in the Village being required to refund Village taxes collected in prior years. The amounts of the refunds, if any, are not expected to have a material effect on the Village's financial position.

TAX MATTERS-NOTES

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Village made in a certificate (the "Tax Certificate") dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the Village with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the Village with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Note to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Village described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the Village as the "taxpayer," and the owners of the Note would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the Village may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Note should be aware that the ownership of tax-exempt obligations such as the Note may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (FASIT), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Note of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could

also affect the value and marketability of the Note. Prospective purchasers of the Note should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income. Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes.

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Note over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of Section 1273 of the Code) but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by “financial institutions” described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. However, section 265(b) of the Code provides that this interest disallowance rule for financial institutions does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The Village has designated the Notes as “qualified tax-exempt obligations” and has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Notes will be reduced by 20% pursuant to section 291 of the Code.

TAX MATTERS – BONDS

State Tax Exemption

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Certain Federal Income Tax Considerations

The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Code, U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by a beneficial owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Bonds as “capital assets” within the meaning of Section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the [Internal Revenue Service (the “IRS”)] [IRS] with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE Bonds.

Stated Interest and Reporting of Interest Payments

The stated interest on the Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Bond for federal income tax purposes.

Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial owners of the Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Original Issue Discount

If the first price at which a substantial amount of the Bonds of any stated maturity is sold at original issuance (the “Issue Price”) is less than the face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of that maturity will be treated as being issued with “original issue discount”. The amount of the original issue discount on each Bond of that maturity will equal the excess of the principal amount payable on that Bond at maturity over the Issue Price, and the amount of the original issue discount on such Bond will be accrued over its term using the “constant yield method” provided in the Treasury Regulations. As original issue discount on a Bond accrues under the constant yield method, the beneficial owner of a Bond with original issue discount will be required to include as interest each such accrual in its gross income regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of a Bond issued with original issue discount that exceeds actual cash distributions on that Bond in the taxable year. The amount of any original issue discount that accrues on the Bonds each year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner’s gross income while the beneficial owner holds a Bond will increase the adjusted tax basis of the Bond in the hands of such beneficial owner.

Premium

If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Backup Withholding

Under Section 3406 of the Code, a beneficial owner of the Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 24 percent) on current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to the payor such beneficial owner’s social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such beneficial owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such beneficial owner is not subject to backup withholding. To establish status as an exempt person, a beneficial owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the beneficial owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE Bonds SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a beneficial owner of the Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner’s United States trade or business, (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such beneficial owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Sections 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to “foreign passthru payments” but no earlier than two years after the date of publication of final regulations defining the term “foreign passthru payment.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and section 4975 of the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In addition, each fiduciary of a Plan (“Plan Fiduciary”) must give appropriate consideration to the facts and circumstances that

are relevant to an investment in the Bonds, including the role that such an investment in the Bonds would play in the Plan's overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Bonds, must be satisfied that such investment in the Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Bonds complies with the documents of the Plan and related trust, to the extent that such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bonds.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds and the Notes will be covered by the unqualified legal opinions of Norton Rose Fulbright US LLP, Bond Counsel, of New York, New York. Such legal opinions will be delivered in substantially the forms attached hereto in Appendices D and E.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission, the Village has agreed to provide an executed Undertaking to Provide Continuing Disclosure for the Bonds and an executed Undertaking to Disclose Certain Events for the Notes, in substantially the forms attached hereto as Appendices F and G, respectively.

RATING

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

On October 4, 2018, Moody's affirmed its "Aaa" credit rating and stable outlook on the Village's outstanding uninsured general obligation limited tax debt.

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the Village, its operations and the balances, receipts and disbursements of the various funds of the Village are available for the public inspection at the business office of the Village.

Additional information may be obtained from Ann Scaglione, Village Treasurer, at (914) 722-1173, ascaglione@scarsdale.com, or from Capital Markets Advisors, LLC, the Village's Municipal Advisor, at (516) 570-0340.

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

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

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

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

By: _____
Ann Scaglione
Village Treasurer

DATED: January __, 2020

APPENDIX A

THE VILLAGE

THE VILLAGE

General Information

Settled originally in 1701, the Town of Scarsdale was created by an act of the State Legislature in 1779 and in 1915 the Village of Scarsdale was incorporated to encompass the entire area of the Town. The Village of Scarsdale is a Village of the First Class (New York State statutes) and is located in the 16th Congressional District and in the 35th Senatorial District and the 88th State Assembly District of the State and the 5th Legislative District of the County. The Town of Scarsdale is coterminous with the Village. The Town's powers have been assumed by the Village Board, and the Village now generally possesses the powers and responsibilities of a town as well as those of a village. The Village has a land area of approximately 6.7 square miles and a population of 17,871 according to the 2019 U.S. Census. The Village is located in southeastern New York State in Westchester County, about 21 miles north of midtown Manhattan. The Bronx River Parkway, Hutchinson River Parkway, New York State Route 22 and New York State Route 125 are the major access routes.

The Village is primarily an upper-income residential community consisting almost exclusively of single family, detached homes, with some multi-level apartment buildings near the Village center. The median home value in the Village, based on the 2014-2018 U.S. Census Bureau American Community Survey 5-Year Estimates, is over \$1,400,000.

Utility Services

Scarsdale residents receive electrical service from Consolidated Edison Company of New York ("Con Edison") and telephone service from Verizon and Altice. Con Edison also supplies natural gas service to the County and the Village.

The water distribution system is owned by the Village. The Village Board has the power to regulate and fix water rates charged. Water is primarily obtained through Reeves Newsom Pumping Station from the Kensico Bronx 48" pipeline, which serves the Cities of Yonkers, Mount Vernon, White Plains as well as the Village of Scarsdale. Through the Ardsley Road Pump Station, the Village's secondary Pump Station, water is obtained directly from the New York City Catskill Aqueduct.

Recreational and Cultural Facilities

Public recreational facilities owned and maintained by the Village include parks, playgrounds and playfields, nature areas, public tennis courts, paddle tennis courts and a municipal swimming pool. The County of Westchester maintains three recreational facilities in Scarsdale including a public golf course. There are also two (2) private golf courses within the Village of Scarsdale.

The Scarsdale Public Library (the "Library") is a property tax-supported institution for which the Village budget provides funds to cover the major costs of library service. The Library has undertaken a renovation, modernization and expansion project budgeted to cost \$20,275,501. Funding for the project is expected from a combination of existing Library funds, grants, donations and Village funds. On December 13, 2016, a Village resolution was passed authorizing \$9,900,000 of bonds to pay a portion of the anticipated project costs. The resolution was subsequently amended on February 13, 2018. (See "*Authority for and Purpose of the Bonds*".) The Library Capital Campaign Committee has initiated fundraising for a large portion of project funding with commitments of \$8,000,000, of which approximately \$7,700,000 has been received to date.

Educational Facilities

Scarsdale has long been known nationally for the excellence of its schools with approximately 95% of its students attending college. The 2012-2016 U.S. Census Bureau American Community Survey 5-Year Estimates Census data shows that 98.5% of all persons 25 years of age or older in the Village graduated from high school. In addition, the data also shows that 93.8% of the residents over 25 years of age have attended college and that 86.7% of such residents completed four years of college.

Governmental Organization

Scarsdale is a Village, a Town and a subdivision of Westchester County. Usually a Village is only a part of a Town, but in Scarsdale the boundaries of Village and Town are coterminous. This unusual situation results in convenient and less expensive government, since the same people act both as Village authorities to administer local municipal affairs and as Town authorities to administer Town affairs as prescribed by State law. (For example, members of the Village Board of Trustees also serve as the Town Board members).

Scarsdale's existence and powers derive from the State of New York. It operates under the New York State "Village Law", which provides for its governmental structure and defines its authority and the uses to which property may be put by the Village government. Scarsdale also functions under the New York State "Home Rule Law", which permits the Village to manage its own affairs within stated limits.

Scarsdale Village is governed by a Mayor and a Board of six Trustees, three of whom are elected annually. Traditionally, the Mayor serves only one two-year term and a Trustee not more than two two-year terms. The Mayor and the Trustees serve on a non-salaried, part-time basis. The Village Board has the management and control of the Village's finances and property, and the authority to pass laws and ordinances consistent with State Law.

A local law establishing the office and fixing the duties of Village Manager was adopted in 1949. The full-time salaried Village Manager, appointed by and responsible to the Village Board, is the administrative head of all Village departments.

Town Government

The Town Government is responsible for supervision of elections, assessment of land and buildings, the sale of tax liens and the issuance of marriage licenses. The Town Custodian of Taxes collects County taxes as well as school taxes, although the Town has no control over County or school costs or administration.

The Town Assessor fixes the value of each parcel of property for the purpose of computing real estate taxes, with the exception of utility franchise companies such as Con Edison and Verizon. Such properties are assessed by the State of New York and such assessments utilized by the Town in determining the tax.

Village Employees

The Village has a total of 239 full-time employees. The following table shows the number of Village employees with union affiliations.

Union Representation:	<u>Expiration Date of Contract</u>
CSEA (Clerical and Technical)	29
Teamsters (Public Works)	54
Teamsters (Facilities Maintenance).....	9
Teamsters (School Guards)	14 ²
CSEA (Library)	15
PBA (Sergeants, Detectives, Patrolmen).....	42
UFFA (Captains and Fire Fighters).....	44
	207

¹ Currently in negotiation.

² Currently compulsory binding in arbitration.

The Village conducts labor negotiations with its employee organizations in accordance with the New York State Taylor Law. To further employee-employer labor relations, the Village continually meets with union representatives to discuss a wide variety of labor-related issues.

Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State Local Police and Fire Retirement System ("PFRS"). The obligations of employers and employees to contribute and the benefits to employees are governed by the New York Retirement and Social Security Law ("NYSRSSL"). The system offers retirement benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited services, except for employees hired on or after January 1, 2010.

NYSRSSL provides that all participating employers in the ERS are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to participating employers. Participating employers are required to make a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. All full-time employees and certain part-time employees, participate in the retirement system. Since the Village joined the ERS after July 27, 1976, each participating employee who was hired on or before Dec. 31, 2009 is required to contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at which time contributions become voluntary. Members hired after January 1, 2010 through and including March 31, 2012 must contribute three percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

The Village is authorized to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Village that municipalities can elect to make employer contribution payments in December of any year, prior to the scheduled payment date in the following February. If such payments are made in December prior to the scheduled payment date of February, such payments may be made at a discounted amount.

On December 12, 2009, a new Tier V was signed into law. The legislation creates a new Tier V pension level. Key components of the Tier include: (1) raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to 62, (2) requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, (3) increasing the minimum years of service required to draw a pension from 5 years to 10 years, and (4) capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages. The foregoing provisions are applicable to employees hired on or after January 1, 2010.

On March 15, 2012, a new Tier VI was signed in to law. The legislation is effective for new ERS and PFRS employees hired on or after April 1, 2012. Among other provisions, the new Tier VI: (1) increases employee contribution rates from 3% to 6% (depending on the level of salary), (2) increases the retirement age from 62 years to 63 years, (3) readjusts the pension multiplier and (4) changes the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The State Retirement System experienced negative investment performance in 2008 and 2009. Additionally, portfolio returns in succeeding years have trended downward from the original 8% expected rate of return, resulting in the Retirement System dropping its long term expected rate of return to the current 6.80% for 2019-2020. As a result, the employer contribution rate has continued to be higher than the statutory 4.50% minimum contribution rate established by law. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to the law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village has not amortized any pension obligations to date.

Payments by the Village to the Retirement Systems for the past five years are as follows:

	<u>ERS</u>	<u>PFRS</u>
2016	\$2,322,161	\$2,339,023
2017	2,019,963	2,410,798
2018	2,041,870	2,571,900
2019	2,035,239	2,539,289
2020	2,038,821	2,540,132

Other Post Employment Benefits

The Village 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 December 31, 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 Village’s total OPEB liability as of May 31, 2020 was \$148,766,107 using a discount rate of 2.16% and actuarial assumptions and other inputs as described in the Village’s May 31, 2019 audited financial statements.

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

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

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

FINANCIAL FACTORS

Budgetary Procedures

The Village budget is operated on a June 1-May 31 fiscal year. At various times during the year, department heads make presentations to the Board of Trustees, and in December of each year, department heads are notified of their requirement to submit budget requests for the ensuing fiscal year. Such requests are based on previous years' expenditures, actual expenditures to date in the current year, and projected needs in the months ahead, as well as a fundamental review of the level and type of service needed by the community. Departmental requests are then reviewed in detail by the Budget Officer and Village Treasurer. Department heads subsequently meet with the Mayor and Members of the Board of Trustees for in-depth discussions of departmental needs. By late February, the Village Administration begins to meet with various citizen organizations for comprehensive reviews of preliminary estimates and general budget philosophy. Studies and reports prepared by these citizen committees are an important part of the budget process. Recommendations and suggestions resulting therefrom are frequently included in the final budget document.

By New York State Law, the tentative budget must be filed with the Village Clerk on or before March 20th. Copies of same are made available at this time to all interested persons. A public hearing on the tentative budget is held prior to April 15; any person has an opportunity to comment on this tentative budget. The final budget is adopted by resolution of the Board of Trustees prior to May 1.

Independent Audits

In addition to periodic audits by the State of New York, the Village's financial statements are audited annually by PKF O'Connor Davies, LLP. The fiscal year of the Village is June 1 through May 31. The Village's last audited financial statement covers the fiscal year ended May 31, 2020. The New York State Department of Audit and Control performed a risk assessment of the Village in May of 2012. The goal was to review the Village's financial operations and recommend improvement. At the conclusion of the risk assessment, the Department of Audit and Control determined that no further services of the Department of Audit and Control were needed by the Village and a full audit was not required.

Summary statements of the results of operations for various funds, shown in Appendix B of this Official Statement, have been derived from the annual and audited financial reports of the Village and are provided in memorandum form for informational purposes only. The summaries themselves have not been audited.

Basis of Accounting

The Village maintains its records and reports on the modified accrual basis of accounting for recording transactions in all governmental funds. Under this method, (1) revenues are recorded when received in cash except that for revenues which are material and susceptible to accrual (measurable and available to finance the current year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay, and accrued interest are recorded at the time liabilities are incurred.

Annual Financial Report Update Document

New York State General Municipal Law Article 3, Section 30 requires every municipal corporation to make an annual report of its financial condition available to the Office of the State Comptroller ("OSC"). This report is not audited or prepared in accordance with GAAP. Filing deadlines for this Annual Financial Report Update Document (unaudited) ("AUD") vary according to the municipal corporation's fiscal year end. The Village's filing deadline is 120 days after the close of the fiscal year. In recent years, the Village has filed its AUD in a timely manner and filed its 2020 AUD by the September 30, 2020 deadline.

Financial Controls

The Village Administration exercises control over all departmental expenditures.

Pursuant to Village Law, all expenditures of funds are audited by a member of the Board of Trustees and are formally approved by resolution of the Board of Trustees.

The Village Board and all Department Heads receive monthly statements of budget accounts from the Village Treasurer. In addition, monthly financial reports which give detailed descriptions and comparative analyses of the status of revenues and expenditures of all Village funds, are prepared for public distribution.

Investment Policy

As authorized by Section 11 of the General Municipal Law, the Village of Scarsdale authorizes the Village Treasurer to temporarily invest monies not required for immediate or near-term expenditure. The Village investment policy permits the following types of investments: (a) special time deposit accounts in designated depositories, subject to the collateral requirements discussed below; (b) certificates of deposit issued by designated depositories, subject to the collateral requirements discussed below; (c) obligations of the United States of America; (d) obligations issued or fully guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (e) obligations of the State of New York; (f) repurchase agreements limited to a maximum of fifteen days and in which the security purchased under the agreement is an obligation of the United States Government.

The Village Treasurer is authorized to contract for the purchase of investments either (i) directly or through a repurchase agreement from an authorized trading partner; or (ii) by participation in a cooperative investment program with another authorized governmental entity where the specific program has been authorized by the Village Board of Trustees.

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Village, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of "eligible securities" with an aggregate "market value" as provided by GML Section 10, at least equal to the aggregate amount of deposits.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

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

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

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

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. OSC has not released a formal report on the Village in the past five years. Additional information regarding State audits can be obtained by visiting the New York State website for Local Governments and School Accountability.

Revenue

The Village derives most of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix A, herein.) Property taxes accounted for 72.3% of total General Fund revenues for the fiscal year ended May 31, 2020, while State aid accounted for 1.8%.

Real Property Tax. The following table sets forth total General Fund revenues and real property taxes received for each of the last five fiscal years and the amount budgeted for the current fiscal year.

General Fund Revenues & Real Property Taxes

Fiscal Year <u>Ended May 31:</u>	Total <u>Revenues</u> ⁽¹⁾	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues</u>
2016	\$53,166,541	\$38,044,974	71.6%
2017	53,404,965	38,697,764	72.5
2018	55,689,946	39,437,522	70.8
2019 ⁽²⁾	51,056,656	36,630,545	71.7
2020	52,163,435	37,715,045	72.3
2021 (Adopted Budget)	58,215,049	42,039,493	72.2

(1) General Fund, Village-wide.

(2) GASB Guidance directed that \$3,594,325 in General Fund property tax revenue be reclassified at property tax revenue in the Library Fund for financial statement purposes only. The unadjusted totals of Total Revenues and Real Property Taxes are \$54,650,981 and \$40,011,012 respectively. Please see pages 67 and 84 in the Financial Statements.

Source: Village Audited Financial Statements and Adopted Budgets. Summary table itself not audited.

State Aid and Financial Condition of the State. The Village receives financial assistance from the State. In its budget for the current fiscal year, approximately 1.9% of the total general fund revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the current or future fiscal years. In view of the State's continuing budget problems, State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “Market Factors Affecting Financings of the State and Municipalities of the State” herein.)

The Governor’s Executive Budget for the State’s 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities (“AIM”) for certain municipalities, including the Village. However, in the State’s final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage will be used to keep towns and villages whole.

The Governor's Executive Budget for the State's 2020-2021 fiscal year maintains the Aid and Incentives for Municipalities ("AIM") Related Revenue Sharing consistent with the 2019-2020 Enacted Budget.

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 the current 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 continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces 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.

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 Dec. 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 municipalities and school districts in the State.

The amount of State aid to municipalities, including the Village, and school districts in the State 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. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Following a decline in COVID-19 cases, the number of people testing positive in the state and throughout much of the country has recently increased. The administration of COVID-19 vaccines in New York has begun for eligible groups. 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; 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 in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Village.

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

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

<u>Fiscal Year Ending May 31:</u>	<u>State Aid</u>		<u>State Aid to Revenues</u>
	<u>Total Revenues</u>	<u>State Aid</u>	
2016	\$53,166,541	\$1,267,090	2.4%
2017	53,404,965	1,117,200	2.1
2018	55,689,946	1,168,230	2.1
2019 ⁽¹⁾	51,056,656	940,507	1.8
2020	52,163,435	899,778	1.7
2021 (Adopted Budget)	58,215,049	1,791,000	3.1

(1) GASB Guidance directed that \$3,594,325 in General Fund property tax revenue be reclassified at property tax revenue in the Library Fund for financial statement purposes only. The unadjusted total of General Fund Revenues is \$54,650,981.

Source: Audited Financial Statements and Adopted Budget for the Village. Summary table itself not audited

Sales and Use Tax. Pursuant to the provisions of the County property tax stabilization and relief act (Section 1262-b of the State Tax Law) adopted in 1991, the Village receives a pro-rata share of the County sales and use tax. The political subdivisions in the County receiving the sales and use tax moneys are required to use these moneys to reduce local property taxes. The amount of sales and use taxes received by the Village for the last five years is shown below:

<u>Year</u>	<u>Amount</u>
2016	\$2,496,514
2017	2,572,487
2018	2,646,315
2019	2,775,447
2020	3,369,223

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Capital Planning and Budgeting

As part of the overall budgetary process, the Village Administration annually prepares a proposed Capital improvements budget. Such items as the annual street resurfacing program, equipment purchases (autos, machinery, etc.), drainage improvements and recreation plant improvements are included therein. Capital projects as outlined in the adopted budgets for fiscal years ended May 31, 2020 and May 31, 2021 appear below.

<u>Capital Project Category</u>	<u>Adopted Budget FYE 5/31/2020</u>	<u>Adopted Budget FYE 5/31/2021</u>
Recreation	\$115,000	\$227,500
Administration	502,000	810,000
Public Buildings	2,946,000	1,658,500
Highway Improvements	2,738,031	1,294,939
Drainage	1,995,006	279,519
Traffic & Parking	150,000	75,000
Land Improvements	15,000	15,000
Sanitary Sewers	<u>200,000</u>	<u>650,000</u>
Totals:	<u>\$8,661,037</u>	<u>\$5,010,458</u>

Source: Village of Scarsdale Adopted Budget Fiscal Year 2019-2020 and 2020-2021.

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TAX INFORMATION

Valuations

Fiscal Year Ending May 31:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Taxable Assessed Valuation:	\$9,033,202,794	\$8,898,140,450	\$8,864,004,464	\$8,951,212,245	\$8,968,076,065
State Equalization Rate:	100.00%	89.14%	90.50%	94.00%	94.75%
Taxable Full Valuation:	\$9,033,202,794	\$9,982,208,268	\$9,794,480,071	\$9,522,566,218	\$9,464,987,931

Tax Levy and Collection Record

Fiscal Year Ending May 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Tax Levy & Collection Record ¹					
Village Tax Levy ¹	\$ 37,217,185	\$ 38,606,066	\$ 39,575,839	\$ 40,237,709	\$ 41,421,739
School District Tax Levy ²	130,186,269	130,900,411	132,782,049	136,759,515	140,335,035
County and Special Districts Tax Levy ³	<u>40,850,573</u>	<u>38,532,577</u>	<u>42,166,868</u>	<u>40,389,141</u>	<u>38,478,980</u>
Total Taxes Levied:	\$210,149,930	\$210,396,099	\$214,524,756	\$217,386,365 ⁵	\$220,235,754
Collections During Year:					
Village	37,077,065	38,519,333	39,425,528	40,145,511	41,287,938
School District	129,454,556	130,399,583	132,206,439	136,229,767	139,346,573
County and Special Districts	<u>40,737,565</u>	<u>38,457,811</u>	<u>42,042,865</u>	<u>40,290,532</u>	<u>38,373,217</u>
Total Collections During Year:	\$207,269,186	\$207,376,727	\$213,674,832	216,665,810	219,007,728
Total Taxes Uncollected ⁴	\$2,880,744	\$3,019,372	\$1,149,924	\$1,290,514 ⁵	\$1,288,026
% Collected Taxes	98.63%	98.57%	99.60%	99.67%	97.96%

¹ Village fiscal year is June 1 to May 31. Taxes are billed July 1.

² School District fiscal year is from July 1 to June 30. Taxes are billed September 1.

³ County of Westchester is on a calendar year basis. County taxes were billed April 1.

⁴ Taxes uncollected through tax sale or filing of list of delinquent taxes.

⁵ Includes current year unpaid County taxes.

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Tax Rates Per \$1,000 (Assessed)

Fiscal Year Ending May 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Tax Rates (per \$1,000)					
Village of Scarsdale	\$4.11471	\$4.2570	\$4.4164	\$4.5154	\$4.6331
School District Tax Rate	14.8268 ¹	14.8170	15.2606	15.6913	15.9769
County Tax Rate-Total	3.4028 ¹	3.7447	3.6267	3.4470	3.3332
Bronx Valley Sanitary Sewer District	0.4876 ¹	0.5274	0.5060	0.4988	0.4726
Hutchinson Valley Sewer District	0.5069 ¹	0.5645	0.5114	0.4601	0.4374
Mamaroneck Valley Sanitary Sewer District	0.5484 ¹	0.6531	0.6337	0.6026	0.6137
Refuse Disposal District No. 1	0.3069	0.3331	0.3146	0.2861	0.2739

¹ Tax rates are based on revalued full market value. The Village conducted a property revaluation during fiscal year 2016.

Tax Levy Limit Legislation

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted”, the New York State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limit Law” or the “Law”). The Tax Levy Limit Law generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Village is subject to the Tax Levy Limit Law, beginning with the Village’s budget for its fiscal year beginning June 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Village’s prior year’s tax levy (the “Tax Levy Increase Limit”). In the event the Village seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least five members of the seven-member Board of Trustees of the Village would be required. The Board of Trustees of the Village would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required. The Village exceeded the Tax Levy Limit in the fiscal years ending in 2014, 2015, 2017, and 2018. The Village did not exceed the cap in 2016, and does not exceed the cap in the Adopted Budget for 2019.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Village may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Village in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Village’s Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Village. Additionally, the Village will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Notes or Bonds of the Village issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of any experience operating under the Law, the effect

of the Law on the Village's finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

Tax Collection Procedure

The assessment of real property and collection of real estate taxes is governed by the Real Property Tax Law of the State of New York and the Westchester County Charter and Code. Towns and cities in Westchester County are responsible for assessing all real property within their boundaries with the exception of franchise utility companies and for collecting all real property taxes. In the case of the Village of Scarsdale, the Village, acting as a town, collects all County, school and special district taxes and the Village also collects the Village tax levy. The Village receives warrants for the collection of taxes from the County of Westchester and from the Scarsdale school district. The Village then remits the amount of the County and school district warrants at times set forth in the Westchester County Charter and Code. The Village is required to remit the full amount of each warrant presented by the County and school district, whether or not these sums are actually collected by the Village. The Village absorbs the responsibility for conducting in rem foreclosure proceedings. The taxes collected and the record of such collections for the fiscal years May 31, 2007 through May 31, 2011 is set forth in "Tax Information" herein.

County and Special District taxes for the period from January 1st to December 31st are due in a single payment on April 1st. Payment may be made without penalty until April 30th, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December, and 12% if paid prior to April 30. Thereafter, additional penalties will accrue until the date that all taxes and assessments are paid.

Village taxes for the period from June 1st to May 31st are due in a single payment on July 1st. Payment may be made without penalty until August 1st, after which the penalty is 2% during August and 1% additional per month thereafter.

School taxes for the period from July 1st to June 30th are due on September 1st without penalty until September 30th, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during February and March, and 12% during April. Thereafter, additional penalties will accrue until the date that all taxes and assessments are paid.

Tax Certiorari Matters

From time to time the Village is involved in certiorari proceedings where taxpayers seek reduction in the assessed value of property upon which real property taxes are calculated. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Adopted Budget	\$200,000	\$150,000	\$200,000	\$200,000	\$190,000	\$190,000
Expenditures	45,156	222,166	375,573	171,762	116,101	27,204 ¹

¹ Year to date.

There are numerous tax certiorari proceedings against the Village filed each year alleging over assessments of real property and seeking property tax refunds. The Village is unable to predict the outcome of these pending cases and future filings, but historically where refunds are granted they are considerably less than claimed by the petitioners. Nevertheless, annually the Village includes appropriations in its operating budget to pay tax certiorari claims. In the past the Village has been successful in structuring payouts over multiple fiscal years to stay within budgeted amounts. In the event that budgetary appropriations are not sufficient to pay any claims for which it is responsible in any given year or to mitigate the impact of any such claims on future budgets, the Village is authorized to under applicable law and may finance any judgment or settlement, if necessary.

Ten Largest Taxpayers

<u>Name</u>	<u>Type</u>	2021 <u>Assessed Valuation</u>
Con Edison	Public Utility	\$113,281,537 ¹
Scarsdale Improvement Co.	Commercial Properties	42,540,000
Popham Hall LLC ²	Apartments	27,000,000
Scarsdale Chateaux ²	Cooperative Apartments	25,428,597
CH Realty VIII/R	Commercial	22,500,000
Heathcote-Overhill Corp.	Cooperative Apartments	17,649,061
2 Overhill Road	Commercial	15,611,250
Private Residence	Residential	13,832,000
CH Retail Fund II/NYC	Commercial	12,100,000
Quaker Ridge Golf Club ²	Recreation	12,014,800

Source: Village tax Assessment Rolls.

VILLAGE INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid 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 expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several purposes for which such indebtedness is to be contracted, unless the Village determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Village is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “*Nature of Obligation*”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein).

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

by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

Statutory Procedures

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Village Board, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion and (3/5) three-fifths vote of the Village Board.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the Village follows the estoppel procedure, but it is not a legal requirement.

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

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

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

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

Trend of Outstanding Indebtedness

Year Ending	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
May 31:					
Bonds	\$19,720,000	\$17,985,000	\$16,580,000	\$26,685,000	\$24,965,000
Bond Anticipation Notes	1,750,000	1,230,000	2,100,000	300,000	0
EFC Financing	<u>1,510,000</u>	<u>1,450,000</u>	<u>1,390,000</u>	<u>1,330,000</u>	<u>1,265,000</u>
Total Debt Outstanding	<u>\$22,980,000</u>	<u>\$20,665,000</u>	<u>\$20,070,000</u>	<u>\$28,315,000</u>	<u>\$26,230,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of May 31, 2020.

	<u>Maturity</u>	<u>Amount</u>
Bonds	2021-2039	\$24,965,000
EFC Bonds	2021-2037	1,265,000
Total Debt Outstanding		<u>\$26,230,000</u>

Constitutional Debt-Contracting Limitation

Debt Contracting Limitation

<u>Assessment Roll</u>	<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
2016	2017	9,033,202,794	100.00	\$9,033,202,794
2017	2018	8,898,140,450	89.14	9,982,208,268
2018	2019	8,864,004,464	90.50	9,794,480,071
2019	2020	8,951,212,245	94.00	9,522,566,218
2020	2021	8,968,076,065	94.75	<u>9,464,987,931</u>
Total Five-Year Full Valuations				<u>\$47,797,445,282</u>
Average Full Valuation				<u>\$ 9,559,489,056</u>
Debt Limit – Seven (7) per centum of Average Full Valuation				<u>\$ 669,164,234</u>

Source: Office of the State Comptroller, Real Property Services

Debt Statement Summary

Summary of indebtedness, debt limit and net debt-contracting margin as shown on a debt statement prepared as of January 12, 2021.

Average Full Valuation of Taxable Real Property	\$9,559,489,056
Debt Limit....7% thereof.....	669,164,234
<u>Inclusions:</u>	
Bonds.....	\$23,295,000
EFC Bonds	1,265,000
Bond Anticipation Notes	<u>0</u>
	\$24,560,000
<u>Exclusions:</u>	
Appropriations.....	\$ 0
Water Debt	<u>6,051,395</u>
	\$ 6,051,395
Net Bonded Indebtedness	\$18,508,605
Net Debt-Contracting Margin.....	<u>\$650,655,629</u>
Percent of Debt-Contracting Power Exhausted	<u>2.8%</u>

The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property in the Village of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Estimated Overlapping Indebtedness

Gross Direct Indebtedness	\$24,560,000
Exclusions and Deductions	6,051,395
Net Direct Indebtedness	\$18,508,605

Overlapping Debt

<u>Issuer</u>	<u>Outstanding</u>	<u>As of</u>	<u>Estimated Share</u>	<u>Amount Applicable to Village</u>
Westchester County	\$890,591,915	09/30/20	4.40%	\$39,186,044
Scarsdale UFSD	38,696,718	06/02/20	95.70%	37,032,759
Sewer and Waste Districts	17,224,378	12/31/19	various	1,512,300
Total Net Overlapping Debt				<u>\$77,731,103</u>
Total Net Direct Debt				<u>18,508,605</u>
Total Net Direct and Overlapping Debt				<u>\$96,239,708</u>

Sources: Data provided by Village, County, and District Officials.

Debt Ratios

The following table presents certain debt ratios relating to the Village's net direct and estimated overlapping indebtedness.

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Indebtedness	\$18,508,605	\$1,035.68	0.20%
Net Direct and Overlapping Indebtedness	96,239,708	5,385.24	1.02

(1) The population of the Village is estimated at 17,871 as of 2019. Source: US Census Bureau American Community Survey 5-year Estimate.

(2) The Village's full value of taxable real property for fiscal year 2020 is \$9,464,987,931.

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Bonded Debt Service

The following table sets forth all principal and interest payments required on the Village's outstanding bonded indebtedness, exclusive of Environmental Facilities Corporation water revenue bonds and exclusive of the Bonds, for future fiscal years ending May 31.

Fiscal Year Ending May 31st:	Principal	Interest	Total Debt Service
2021 ⁽¹⁾	\$1,930,000	\$859,819	\$2,789,819
2022	1,985,000	790,534	2,775,534
2023	2,035,000	723,150	2,758,150
2024	2,095,000	645,425	2,740,425
2025	2,060,000	565,956	2,625,956
2026	1,205,000	491,969	1,696,969
2027	1,230,000	456,175	1,686,175
2028	1,270,000	411,238	1,681,238
2029	1,105,000	370,638	1,475,638
2030	1,015,000	336,163	1,351,163
2031	1,045,000	305,413	1,045,000
2032	1,075,000	272,838	1,347,838
2033	1,110,000	238,890	1,348,890
2034	1,150,000	201,869	1,351,869
2035	1,190,000	160,534	1,350,534
2036	1,225,000	111,350	1,336,350
2037	1,270,000	75,048	1,345,048
2038	475,000	40,665	515,665
2039	495,000	19,800	514,800
Totals	<u>\$24,965,000</u>	<u>\$7,077,472</u>	<u>\$32,042,472</u>

(1) For entire fiscal year.

Authorized but Unissued

The Village has \$3,190,000 authorized for the South Meadowbrook drainage project. A Westchester County grant of up to \$1,450,000 partially funded this project. In addition, a commitment of \$1,740,000 in financing was secured from the NYS Environmental Facilities Corp. ultimately reduced to \$1,640,000 based on the revised project cost estimates. The Village plans to de-authorize the unissued amount of \$1,550,000. The Village also has \$4,235,000 authorized for the Sheldrake River drainage project. The scope of the project was reduced and the Village was awarded a New York State department of Environmental Facilities grant of \$1,400,000 of which a local match of 25%, or \$350,000, was funded through a combination of \$297,292 in Village cash and \$52,708 of in-kind personal services. Upon completion of the project and evaluation of the efficacy of the improvements, the remaining unissued debt amount will be de-authorized. In addition, the Village has \$5,800,000 authorized for improvements to the water supply and distribution system. The Village has issued \$4,800,000 in bonds with \$1,000,000 remaining as authorized but unissued.

Short-Term Indebtedness

In the past 40 years, the Village has not sold budget, revenue or tax anticipation notes. The timing of the receipt of taxes and other revenues and its need for such money, together with its control of the timing of expenditures, has enabled the Village to minimize the need for short-term financing of this type.

ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

	<u>Village of Scarsdale</u>	<u>Westchester County</u>	<u>New York State</u>
1960	17,968	808,891	16,782,304
1970	19,229	894,104	18,241,266
1980	17,650	866,599	17,558,072
1990	16,987	874,866	17,990,455
2000	17,823	923,459	18,976,457
2010	17,166	949,113	19,378,102
2019	17,871	967,506	19,453,561

Source: United States Bureau of the Census.

Personal Income

Median household income and per capita income in the Village of Scarsdale are among the highest for any community in the United States. Bureau of Census reports show 2018 median household income of \$250,000+. Based on the 2019 population of 17,871 and the number of households of 5,563, the per capita income was \$142,739.

The following table shows the median household income and per capita income of the Village, Westchester County, New York State and the United States for 2018 as reported by the United States Department of Commerce, Bureau of the Census:

	<u>Village of Scarsdale</u>	<u>Westchester County</u>	<u>New York State</u>	<u>United States</u>
Median Household Income (2018)	\$250,000+	\$92,758	\$65,323	\$60,293
Per Capita Income (2018)	\$142,739	\$54,572	\$37,470	\$32,621

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

Unemployment Rate Statistics

Unemployment statistics are not readily available for the Village. The smallest area containing the Village or which current statistics are readily available is Westchester County. The information set forth below with respect to the County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the Village or vice versa.

Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2015	4.5%	5.3%
2016	4.3	4.9
2017	4.5	4.7
2018	3.9	4.1
2019	3.8	4.0

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

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
November 2019	3.6	3.6
December	3.8	3.7
January 2020	4.0	4.1
February	3.9	3.9
March	4.0	4.2
April	14.1	15.1
May	11.1	14.2
June	12.5	15.5
July	14.2	16.0
August	11.0	12.5
September	6.9	9.3
October	7.0	9.2

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

End of Appendix A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

Adopted Budgets - General Fund*
Fiscal Year ending May 31:

Year Ended May 31:	Adopted Budget 2019-2020	Adopted Budget 2020-2021
<u>REVENUES</u>		
Real Property Taxes	\$41,422,921	\$42,039,493
Other Tax Items	500,000	525,000
Non Property Tax Items	3,384,000	4,259,000
Departmental Income	4,530,857	4,459,519
Intergovernmental Charges	32,000	32,000
Use of Money and Property	1,149,252	1,106,918
Licenses and Permits	1,767,100	1,874,400
Fines and Forfeitures	893,000	683,000
Sale of Property, Other	61,000	60,000
Miscellaneous	709,000	750,000
Interfund Revenues	659,630	634,630
State Aid	1,893,689	1,791,089
	<u>57,002,449</u>	<u>58,215,049</u>
Total Revenues	<u>57,002,449</u>	<u>58,215,049</u>
Appropriated Fund Balance	1,023,000	1,023,000
Total Revenues and Appropriated Fund Balance	<u>58,025,449</u>	<u>59,238,049</u>
<u>EXPENDITURES</u>		
General Government Support	8,679,806	9,542,857
Transportation	1,746,131	2,395,947
Public Safety	14,499,797	14,279,874
Culture and Recreation	3,494,774	3,307,351
Home & Community Services	4,014,331	3,958,449
Employee Benefits	16,400,291	16,665,850
Debt Service	2,301,240	2,369,119
	<u>51,136,370</u>	<u>52,519,447</u>
Total Expenditures	<u>51,136,370</u>	<u>52,519,447</u>
Excess (Deficiency) of Revenues Over Expenditures	6,889,079	6,718,602
Other Financing Sources (Uses):		
Operating Transfers In		
Operating Transfers Out	(6,889,079)	(6,718,602)
	<u>(6,889,079)</u>	<u>(6,718,602)</u>
Total Other Financing Uses	<u>(6,889,079)</u>	<u>(6,718,602)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses (1)	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Fund Balance Beginning of Year		

*Summary not audited

Source: Annual Budgets of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK
Balance Sheet*
General Fund
Fiscal Year Ended May 31:

As of May 31:	2019	2020
<u>ASSETS</u>		
Cash and Equivalents	\$13,362,077	\$14,832,448
Investments	\$2,640,654	\$1,995,792
Taxes Receivable	290,413	367,112
Receivables:		
Accounts	171,255	139,610
Special Assessments	0	0
State and Federal Aid	511,447	654,711
From Other Funds	456,753	0
Other Governments	88,582	0
Prepaid Expenditures	693,955	659,311
TOTAL ASSETS	\$18,215,136	\$18,648,984
<u>LIABILITIES</u>		
Accounts Payable	\$391,714	\$411,552
Accrued Liabilities	2,345,016	1,801,985
Due to Other Funds	0	0
Unearned Revenues	723,933	213,075
Deferred Inflows of Resources not Available	153,805	122,867
Deferred Revenue - Taxes	290,413	367,112
Taxes Collected in Advance	9,500	0
TOTAL LIABILITIES	3,914,381	2,916,591
<u>FUND BALANCE</u>		
Nonspendable	693,955	659,311
Restricted	453,443	98,070
Assigned	5,095,201	6,615,200
Unassigned	8,058,156	8,359,812
TOTAL FUND BALANCE	14,300,755	15,732,393
TOTAL LIABILITIES AND FUND BALANCE	\$18,215,136	\$18,648,984

*Summary not audited

Source: Audited financial statements of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance*
General Fund
Fiscal Year Ended May 31:

Year Ended May 31:	2016	2017	2018	2019	2020
REVENUES					
Real Property Taxes	\$37,269,905	\$38,581,775	\$39,146,629	\$36,416,687	\$37,473,093
Other Tax Items	775,069	115,989	290,893	213,858	241,952
Non-property Taxes	3,328,872	3,476,066	3,477,398	3,625,908	4,176,176
Departmental Income	4,546,838	4,440,995	4,324,600	4,341,337	3,936,601
Intergovernmental	140,623	94,994	37,854	86,062	13,455
Use of Money and Property	758,816	776,135	1,036,111	1,200,543	1,306,685
Licenses and Permits	2,144,262	2,158,779	2,074,315	1,690,107	1,728,651
Fines and Forfeitures	1,030,987	915,759	903,850	876,870	554,244
Interfund Revenues	980,630	530,630	530,630	530,630	530,630
Sale of Property/Loss Comp.	78,215	150,703	1,250,252	130,302	90,185
State and Federal Aid	1,267,090	1,117,200	1,168,230	940,507	899,778
Miscellaneous	845,234	1,045,940	1,449,184	1,003,845	1,211,985
Total Revenues	53,166,541	53,404,965	55,689,946	51,056,656	52,163,435
EXPENDITURES					
General Government Support	8,501,385	8,673,628	8,516,264	8,678,661	8,739,145
Public Safety	11,954,734	13,077,227	12,957,353	13,827,873	13,539,440
Culture and Recreation	2,913,097	2,658,312	2,759,325	2,760,061	2,540,066
Home & Community Services	7,322,903	7,444,277	7,812,947	7,608,194	7,197,652
Employee Benefits	13,081,380	13,699,147	14,841,573	15,678,211	15,389,480
Debt Service	2,250,532	2,280,420	2,328,924	1,841,578	2,749,204
Total Expenditures	46,024,031	47,833,011	49,216,386	50,394,578	50,154,987
Excess of Revenues Over Expenditures	7,142,510	5,571,954	6,473,560	662,078	2,008,448
Other Financing Sources (Uses):					
Insurance Recoveries	22,236	14,605	53,765	9,363	28,627
Sale of Real Property	0	0	0	0	0
Refunded Bonds Issued	0	6,295,000	0	0	0
Issuance Premium	0	799,558	0	447,826	0
Payment to Refunded Escrow A ₁	0	(7,007,751)	0	0	0
Operating Transfers In	1,544,452	1,519,468	1,495,437	1,459,587	1,357,571
Operating Transfers Out	(6,777,049)	(6,886,902)	(6,745,287)	(4,610,293)	(1,963,008)
Total Other Financing Uses	(5,210,361)	(5,266,022)	(5,196,085)	(2,693,517)	(576,810)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,932,149	305,932	1,277,475	(2,031,439)	1,431,638
Fund Balance Beginning of Year	12,816,638	14,748,787	15,054,719	16,332,194	14,300,755
Fund Balance End of Year	\$14,748,787	\$15,054,719	\$16,332,194	\$14,300,755	\$15,732,393

*Summary not audited
Source: Audited financial statements of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

Special Fund*
Fiscal Year Ended May 31:

Fiscal Year Ending May 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>TOWN OF SCARSDALE</u>					
Balance Beginning of Year	\$1,214,533	\$1,022,837	\$1,024,356	\$1,015,798	\$1,103,840
Revenues	1,397,191	1,489,999	1,461,510	1,456,214	
Expenditures	1,397,131	1,488,480	1,470,068	1,368,172	
Balance End of Year	<u>\$1,214,593</u>	<u>\$1,024,356</u>	<u>\$1,015,798</u>	<u>\$1,103,840</u>	<u>\$1,103,840</u>
<u>LIBRARY FUND</u>					
Balance Beginning of Year	\$668,832	\$702,059	\$1,150,471	\$1,472,130	\$1,278,225
Revenues	3,804,923	3,876,670	3,670,610	3,640,723	
Expenditures	3,771,696	3,428,258	3,348,951	3,834,628	
Balance End of Year	<u>\$702,059</u>	<u>\$1,150,471</u>	<u>\$1,472,130</u>	<u>\$1,278,225</u>	<u>\$1,278,225</u>
<u>SPECIAL PURPOSE FUND</u>					
Balance Beginning of Year	\$917,750	\$748,649	\$1,051,182	\$1,088,101	\$1,229,251
Revenues	150,325	362,416	119,472	470,540	
Expenditures	319,426	59,883	82,553	329,390	
Balance End of Year	<u>\$748,649</u>	<u>\$1,051,182</u>	<u>\$1,088,101</u>	<u>\$1,229,251</u>	<u>\$1,229,251</u>
<u>WATER FUND</u>					
Balance Beginning of Year	\$4,490,993	\$3,210,554	\$3,119,520	\$2,204,505	\$2,204,505
Revenues	6,119,863	7,417,464	7,172,940	6,447,320	
Expenditures	7,400,302	7,508,498	6,862,565	6,531,841	
Balance End of Year	<u>\$3,210,554</u>	<u>\$3,119,520</u>	<u>\$3,429,895</u>	<u>\$2,119,984</u>	<u>\$2,204,505</u>
<u>POOL FUND</u>					
Balance Beginning of Year	\$1,032,894	\$1,010,911	\$974,375	\$919,475	\$669,605
Revenues	856,865	851,288	835,391	833,973	
Expenditures	878,848	887,824	890,291	1,083,843	
Balance End of Year	<u>\$1,010,911</u>	<u>\$974,375</u>	<u>\$919,475</u>	<u>\$669,605</u>	<u>\$669,605</u>

*Summary not audited

Source: Audited financial statements of the Village of Scarsdale.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MAY 31, 2020*

**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/P11508161.pdf>

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

*** PKF O'Connor Davies, LLP, Certified Public Accountants 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 OPINION OF BOND COUNSEL
FOR THE BONDS**



Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

February 10, 2021

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

Re: Village of Scarsdale, Westchester County, New York
\$6,615,000 Public Improvement Refunding (Serial) Bonds, 2021 (Federally Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$6,615,000 Public Improvement Refunding (Serial) Bonds, 2021 (Federally Taxable) (the "Obligation"), of the Village of Scarsdale, Westchester County, New York (the "Obligor"), dated February 10, 2021.

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion in certain cases.
- (b) Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation.

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Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

APPENDIX E

**FORM OF OPINION OF BOND COUNSEL
FOR THE NOTES**

February 2, 2021

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

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Village of Scarsdale, Westchester County, New York
\$1,750,000 Bond Anticipation Notes, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,750,000 Bond Anticipation Notes, 2021 (the "Obligation"), of the Village of Scarsdale, Westchester County, New York (the "Obligor"), dated February 2, 2021.

We have examined:

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public

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officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other Federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral Federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law

that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

APPENDIX F

**UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE
FOR THE BONDS**

**CONTINUING DISCLOSURE UNDERTAKING CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing the Bonds, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Bonds” means the Issuer’s \$6,615,000 Public Improvement Refunding (Serial) Bonds, 2021, dated February 10, 2021.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Issuer*” means the Village of Scarsdale, Westchester County, New York.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

“*Undertaking*” means this Annual and Continuing Disclosure Undertaking.

B. Annual Reports. The Issuer shall provide annually to MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated January , 2021 in **Appendix A**, under the headings “**THE VILLAGE**”, “**FINANCIAL FACTORS**”, “**TAX INFORMATION**”, and “**VILLAGE INDEBTEDNESS**”, and in **Appendices B and C**, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Issuer will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB notice of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific

reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

C. Event Notices. The Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner and not more than 10 business days after occurrence of the event:

- (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 or determinations with respect to the tax-status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide *financial* information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand to this Continuing Disclosure Undertaking Certificate this February 10, 2021.

VILLAGE OF SCARSDALE,
WESTCHESTER COUNTY, NEW YORK

Villager Treasurer

APPENDIX G

**UNDERTAKING TO PROVIDE NOTICES OF EVENTS
FOR THE NOTES**

**EVENT NOTICES CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing the Notes, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Notes” means the Issuer’s \$1,750,000 Bond Anticipation Notes, 2021, dated February 2, 2021.

“Issuer” means the Village of Scarsdale, Westchester County, New York.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Undertaking” means this Disclosure Undertaking.

B. Event Notices. The Issuer shall provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (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 or determinations with respect to the tax-exempt status of the Notes (if applicable) or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;

- (8) Bond or Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (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.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in “B”, above, by the time required by this Undertaking.

C. Filings with the MSRB. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

D. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Notes within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Notes.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand to this Disclosure Undertaking this February 2, 2021.

Village Treasurer