

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2021

RATING: See “RATING” herein

**NEW ISSUE
SERIAL BONDS**

In the opinion of The Law Offices of Jeffrey E. Storch, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.

The Town *WILL* designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**TOWN OF NORTH CASTLE
WESTCHESTER COUNTY, NEW YORK**

**\$10,000,000*
PUBLIC IMPROVEMENT (SERIAL) BONDS – 2021
(the “Bonds”)**

Dated Date: Date of Delivery

Maturity Date: May 1, 2022-2036

The Bonds are general obligations of the Town of North Castle, Westchester County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011. (See “*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 semi-annually on May 1 and November 1 in each year until maturity, commencing on May 1, 2022. The Bonds shall mature on May 1 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).

DTC will act as Securities Depository for the Bonds. Individual purchases of such Bonds 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. Payment of the principal of and interest on such Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds as described herein. (See “*Book-Entry-Only System*” herein.)

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the final approving opinion of The Law Offices of Jeffrey E. Storch, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds. It is anticipated that the Bonds will be available for delivery through the offices of DTC on or about May 13, 2021.

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

Dated: May __, 2021

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final official statement. 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 Bonds and 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 will mature on May 1, subject to optional redemption, in the following years and principal amounts:

<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2022	\$580,000	%	%	
2023	630,000			
2024	635,000			
2025	640,000			
2026	645,000			
2027	650,000			
2028	655,000			
2029	660,000			
2030**	670,000			
2031**	680,000			
2032**	690,000			
2033**	700,000			
2034**	710,000			
2035**	720,000			
2036**	735,000			

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

** Subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

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

**TOWN OF NORTH CASTLE
WESTCHESTER COUNTY, NEW YORK**

**Michael J. Schiliro
Supervisor**

Jose L. BerraCouncilman
Barbara W. DiGiacintoCouncilman
Saleem Hussain.....Councilman
Berry S. ReiterCouncilman

Abbas SuraDirector of Finance
Kevin Hay Town Administrator
Alison SimonTown Clerk

BOND COUNSEL

**The Law Offices of Jeffrey E. Storch
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 Town of North Castle 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 Town of North Castle. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town of North Castle from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion made herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of North Castle since the date hereof.

TABLE OF CONTENTS

	<i><u>Page</u></i>		<i><u>Page</u></i>
THE BONDS.....	1	TAX MATTERS.....	10
Description	1	Original Issue Discount and Original Issue Premium.....	11
Authority for and Purpose of the Bonds	1	DOCUMENTS ACCOMPANYING DELIVERY OF THE	
Optional Redemption.....	2	BONDS	12
Book-Entry-Only System	2	Closing Certificates	12
Nature of Obligation.....	4	COVENANT TO MAKE CONTINUING FINANCIAL	
SPECIAL PROVISIONS AFFECTING REMEDIES UPON		DISCLOSURE	13
DEFAULT	5	MUNICIPAL ADVISOR.....	14
RISK FACTORS	8	RATING.....	14
Cybersecurity.....	9	ADDITIONAL INFORMATION	15
LITIGATION	9		

APPENDIX A

THE TOWN	A-1	Overlapping Debt.....	A-9
General Information.....	A-1	Debt Ratios.....	A-10
Form of Government	A-1	Authorized but Unissued Debt	A-10
Elected and Appointed Officials.....	A-1	FINANCIAL FACTORS	A-10
Services and Programs.....	A-2	Budget Process.....	A-10
Employee Contracts.....	A-2	Investment Policy.....	A-11
ECONOMIC AND DEMOGRAPHIC INFORMATION.....	A-2	Independent Audit.....	A-12
Population.....	A-2	Revenues	A-12
Income	A-3	Employee Pension Benefits.....	A-15
Employment.....	A-3	Other Post Employment Benefits	A-16
Construction Activity.....	A-5	The State Comptroller’s Fiscal Stress Monitoring	
Transportation.....	A-5	System and Compliance Reviews.....	A-16
Utilities	A-5	REAL PROPERTY TAX INFORMATION	A-17
TOWN INDEBTEDNESS.....	A-6	Tax Levy Limitation Law.....	A-17
Constitutional Requirements.....	A-6	Tax Collection Procedures	A-18
Statutory Procedure	A-6	Real Property Tax Rebate.....	A-19
Debt-Contracting Limitation and Power.....	A-7	Real Property Taxes and Assessments	A-19
Trend of Bonded Debt	A-8	Ten Largest Taxpayers	A-19
Debt Service Schedule.....	A-9	Matters Affecting Property Assessments and Taxes	A-19
Short-Term Indebtedness.....	A-9		

APPENDIX B – SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

APPENDIX C – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

OFFICIAL STATEMENT

TOWN OF NORTH CASTLE WESTCHESTER COUNTY, NEW YORK

relating to

\$10,000,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2021 (the “Bonds”)

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the Town of North Castle, Westchester County, in the State of New York (the “Town,” “County,” and “State,” respectively). It has been prepared by the Town in connection with the sale of \$10,000,000* Public Improvement (Serial) Bonds – 2021 (the “Bonds”).

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

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 Town’s overall economic situation and outlook (and all of the specific Town-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 “*Risk Factors*” herein.)

THE BONDS

Description

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 semi-annually on May 1 and November 1 in each year until maturity, commencing on May 1, 2022. The Bonds shall mature on May 1 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 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amounts of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds.

Principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law, the Local Finance Law, and a bond resolution duly adopted by the Town Board on May 13, 2020, authorizing the issuance

of not to exceed \$10,000,000 to finance the costs of the acquisition, construction, and reconstruction of improvements to Town roads. The proceeds from the sale of the Bonds will be used to provide original financing for such project.

Optional Redemption

The Bonds maturing on or before May 1, 2029 will not be subject to redemption prior to maturity. The Bonds maturing on or after May 1, 2030 will be subject to redemption prior to maturity at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after May 1, 2029 at par, plus accrued interest to the date of redemption.

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

Book-Entry-Only System

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond and 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 are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

keeping account of their holdings on behalf of their customers.

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

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

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

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

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

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond 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 Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO:

(I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS AND NOTEOWNERS.

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

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR

INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OR ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS ; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

NATURE OF OBLIGATION

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

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

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011. (See “*Tax Levy Limit Law*,” herein.)

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

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

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

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

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

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount

to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

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

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without a court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or

modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

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

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

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

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

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

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

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

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

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

assistance.

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

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

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

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

RISK FACTORS

There are certain potential risks associated with an investment in the Bonds, 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 Town’s credit rating could be affected by circumstances beyond the Town’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 Town 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 Town’s credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds 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. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bonds are sold prior to its 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. 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 Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town 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 availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town 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 anticipate,

occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town 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 Town 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, for income taxation purposes could have an adverse effect on the market value of 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 Town, 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. (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 Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town 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 Town’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 and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. 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 to the Town’s operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town has invested in a cybersecurity policy as of 2018; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

The Town has contracted with Sullivan Data Management, LLC dba Logically to handle all computer issues and monitor against cybersecurity threats. Logically periodically updates the Town’s antivirus, malware and spam monitoring software to ensure that the Town is as safe as possible.

LITIGATION

General. There are a series of claims asserted against the Town in the routine conduct of its affairs arising from such matters as the maintenance of roadways, recreation facilities, the conduct of its police officers and local judges, the activities of Building Department personnel, decisions of its administrative boards and legislative actions by its Town Board. All such claims have been referred to the Town’s insurance carrier, which defends and indemnifies (subject

to policy limits) the Town for any judgment rendered against it as result of any such claims. All such asserted claims are within monetary limits of the Town's applicable insurance. According to the Town Attorney, there presently are no uninsured monetary claims, actions or proceedings, of which he has knowledge, pending or threatened against the Town.

Tax Certiorari. The Town is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally, tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years. Town officials report that there are no material tax certiorari proceeding currently outstanding.

It is not possible to provide an estimate of Town's ultimate financial exposure but historically certiorari settlements have resulted in assessment reductions that were for were for amounts less than the original claim. Moreover, these claims are frequently settled without a provision for tax refunds. Tax refunds paid by the Town in the past have not been material. For the year 2020, there have been 28 petitions filed; of which 2 have been discontinued, 3 were settled and 23 are still open. The Town intends to vigorously contest these filings.

TAX MATTERS

In the opinion of The Law Offices of Jeffrey E. Storch, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume (without verifying) the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Town to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Town's certifications and representations or the continuing compliance with the Town's covenants.

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

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

Under the Code, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain "S corporations" (as defined in Section 1361(a)(1) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness

to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

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

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

These and other legislative proposals may be considered or introduced that could affect, perhaps significantly, the market price and marketability of tax-exempt obligations, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation, court proceedings, or any new case law.

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

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

Original Issue Discount and Original Issue Premium

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

Certain of the Bonds ("Tax-Exempt Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes premium. For federal income tax purposes, obligation premium is amortized over the period to maturity of a Tax-Exempt Premium Bond, based on the yield to maturity of that Tax-Exempt Premium Bond (or, in the case of a Tax-Exempt Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the respective final approving opinions of The Law Offices of Jeffrey E. Storch, New York, New York, Bond Counsel to the Town. Each such opinion will be available at the respective time of delivery of and payment for the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Town for the payment of which the Town has validly pledged its faith and credit, and all real property within the Town subject to taxation by the Town, is subject to levy by the Town of such ad valorem taxes, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, for payment of the principal and interest on the Bonds, (see "*Tax Levy Limit Law*," herein).

Said opinions will also contain further statements to the effect that, assuming continuing compliance with certain covenants and the accuracy of certain representations of the Town contained in the record of proceedings relating to the authorization and issuance of the Bonds, (a) interest on the Bonds are excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, (b) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) the enforceability of the Bonds is subject to bankruptcy laws and other laws affecting creditor's rights and the exercise of judicial discretion, and (d) the scope of the engagement of The Law Offices of Jeffrey E. Storch, as Bond Counsel in relation to the Bonds, has extended solely to rendering the opinions expressed in said opinion, that said law firm is rendering no opinion other than the opinions expressly stated therein, and that said law firm expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds.

Closing Certificates

Upon delivery of and payment for the Bonds, the purchaser of the Bonds will also receive, without cost, in form satisfactory to Bond Counsel the following, dated as of the date of delivery of and payment for the Bonds: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds; (b) a certificate or certificates executed by the officer of the Town who executed the Bonds on behalf of the Town stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds, (2) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement on the date hereof and on the date of delivery of and payment for the Bonds, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) unqualified legal opinions as to the validity of the Bonds of The Law Offices of Jeffrey E. Storch, New York, New York, Bond Counsel, as more fully described under "*Legal Matters*" herein; (d) a Tax Compliance Certificate(s) executed by the Town Supervisor; and (e) a continuing disclosure agreement(s) executed by the Town Supervisor for purposes of SEC Rule 15c2-12 (the "Rule"), as amended, as described under the caption "*Covenant To Make Continuing Financial Disclosure*" herein.

COVENANT TO MAKE CONTINUING FINANCIAL DISCLOSURE

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

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement of the Town relating to the Bonds under the headings “LITIGATION” and in Appendix A under the headings “THE TOWN,” “FINANCIAL FACTORS,” “REAL PROPERTY INFORMATION,” “TOWN INDEBTEDNESS” and “ECONOMIC AND DEMOGRAPHIC DATA” and in Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ended December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ended December 31, 2021; such audit (prepared in accordance with the accounting principles the Town may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

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

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

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

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

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

With respect to events (xv) and (xvi) above, the term “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into with, or pledged as security or source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

MUNICIPAL ADVISOR

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

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

RATING

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

On June 28, 2017, Moody’s affirmed its “Aaa” credit rating on the outstanding uninsured general obligation debt of the Town.

Such rating reflects only the views of Moody’s and any desired explanation of the significance of such rating should

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

ADDITIONAL INFORMATION

Additional information may be obtained from Abbas Sura, Director of Finance, 15 Bedford Road, Armonk, New York 10504, (914) 273-3000 x134, e-mail: asura@northcastleny.com or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (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 Town and the original purchasers or holders of any of the Bonds.

The Law Offices of Jeffrey E. Storch has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness of fairness thereof, and accordingly expresses no opinion with respect thereto.

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

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

TOWN OF NORTH CASTLE
WESTCHESTER COUNTY, NEW YORK

By: /s/_____

Michael J. Schiliro
Town Supervisor

DATED: May __, 2021

APPENDIX A

THE TOWN

THE TOWN

There follows in this document a brief description of the Town together with certain information concerning its governmental organization, revenues and expenditures, indebtedness and economy. Table numbers in this document may differ from those in previous official statements.

General Information

The Town encompasses an area of approximately 26.5 square miles. The Town is located in the eastern, central portion of the County, approximately 30 miles north of New York City. The Town is a suburban community, primarily residential in nature. However, the Town also has a healthy commercial base. International Business Machines Corporation's ("IBM") headquarters are located in the Town and employs many Town residents. In addition, many residents commute to jobs in New York City, other areas of the County including White Plains, and nearby Connecticut.

The 2019 population of 12,231 for the Town showed an increase of 3.3% since the 2010 official census. In 2019, the Town's per capita money income of \$98,833 was 73% larger than the per capita income of the entire County's and 151% larger than the State average.

Form of Government

The Town was established in 1788 by the State as a separate political entity vested with independent taxing and debt authority. There are no incorporated villages situated within the Town's borders. There are also three fire districts. The Town has portions of five independently governed school districts which rely on their taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including the Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Town Law, a basic feature of which requires that the Town guarantee and enforce the real property taxes levied by the County as well as school districts situated in the Town. The Real Property Tax Law, in part, also governs certain assessment and taxing procedures for the Town. Under Article 2 of the Town Law, the Town is classified as a first-class town.

Elected and Appointed Officials

The Town Board is the legislative, appropriating, governing and policy-determining body of the Town and consists of four councilmen, elected at large to serve a four-year term, plus the Supervisor. Councilmen may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Town must be approved by the Town Board; modifications and transfers between budgetary appropriations also must be authorized by the Town Board on the recommendation of the Supervisor. The original issuance of all the Town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief executive officer and chief fiscal officer of the Town and is elected for a two-year term of office and may serve unlimited, consecutive terms. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. Duties of the Supervisor include the administration of the Town's daily functions, budget preparation and control, and debt issuance.

The Town Clerk, who is elected to serve a four-year term of office, acts as the custodian of the Town's records as well as the clerk of the Town Board. Duties of this office include: recording and maintaining the minutes of the proceedings of the Town Board, issuing certain licenses and permits, and coordinating Town elections.

The Receiver of Taxes and Assessments is elected to serve a four-year term of office, the number of terms is not limited by law. It is the responsibility of the Receiver of Taxes and Assessments to receive and collect all State, County, Town and school taxes, and all assessments levied or assessed in the Town.

The Director of Finance, who functions as the Town's chief accounting officer, is appointed by the Supervisor and serves at his/her pleasure. Duties and responsibilities of this position include: maintaining the Town's accounting systems and records, preparing the annual report to be filed with the State Comptroller, cash and debt management and auditing payroll and vendor claims for payment.

The Town Assessor is appointed by the Town Board, on the Supervisor’s recommendation, to serve a six-year term. It is the Assessor’s responsibility to appraise real property in the Town for the purpose of preparing and maintaining tax assessment rolls in the form prescribed by the State Board of Assessment and Equalization. The State Board provides an advisory service to assist with the assessment of certain forested lands, public utilities or unusually complex properties. Assessment review procedures include examination of the tentative assessment roll in the Assessor’s presence, a public hearing before an independent board of assessment review and, finally, judicial review in the State Supreme Court or for certain claims a proceeding in small claims court.

In 2012 the Town hired a Town Administrator, setting up a Town Board – Administrator form of governance. The Town Board is the legislative, appropriating, governing and policy determining body of the Town and consists of four councilpersons, elected at large to serve a four-year term, plus the Supervisor. Councilpersons may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual budgets for the Town must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board on the recommendation of the Supervisor and Town Administrator.

Services and Programs

The Town is responsible for providing government services to its residents. Water, sewer, lighting and fire protection services are furnished by various Town special districts which generally serve discrete areas within the Town. Highway construction and the maintenance of roads is also a Town function. In addition, recreation is provided and parks are maintained through the Town government. Other services performed at the Town level include: property assessment, police protection, zoning administration and planning.

The Town provides refuse collection services to residential properties and pays the cost thereof from the General Fund. Limited refuse collection is also provided to commercial establishments. If such establishments require more than the two-yard container provided within the Town’s contract, they must maintain a separate contract with a private provider.

Education is provided by five school districts which are as follows: Byram Hills, Bedford, Harrison, Mt. Pleasant and Valhalla (each district is independent of the Town and has separate taxing and debt authority).

Employee Contracts

The Town employs 111 full-time and approximately 5 part-time workers. Employees are represented by the following collective bargaining organizations.

Union	Members	Contract Expiration
Highway - Civil Service Employees Assoc., Unit I	25	12/31/2021
Town - Civil Service Employees Assoc, Unit II	34	12/31/2021
Library - Civil Service Employees Assoc, Unit III	8	12/31/2021
Police Benevolent Association	31	12/31/2023
Non-Union Employees	18	N/A

ECONOMIC AND DEMOGRAPHIC INFORMATION

The Town is situated in the central portion of the County, which continues to rank among the most affluent counties in the United States. The Town has a significant commercial base, which includes the world headquarters for International Business Machines (“IBM”) and several other large corporations. While unemployment statistics are not maintained for the Town, Town officials believe that unemployment in the Town is less than the County’s overall rate.

Population

Except for a small decline between 1970 and 1980, the population of the Town has grown steadily since 1960. Population growth rates for the Town exceeded County and State rates during this period of time. The table on the following page provides population data as reported by the U.S. Census Bureau.

Population
(1960-2019)

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1960	6,796	808,891	16,782,304	179,323,000
1970	9,591	894,406	18,244,381	203,212,000
1980	9,467	866,599	17,558,072	225,234,000
1990	10,061	874,866	17,990,455	248,709,873
2000	10,849	923,459	18,976,457	281,421,906
2010	11,841	949,113	19,378,102	308,745,538
2019	12,231	967,506	19,453,561	328,239,523

Source: U.S. Census Bureau 2019 Estimates.

Percent Change in Population
(1970-2019)

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1970	41.1%	10.6%	8.7%	13.3%
1980	-1.3%	-3.1%	-3.8%	10.8%
1990	6.3%	1.0%	2.5%	10.4%
2000	7.8%	5.6%	5.5%	13.2%
2010	9.14%	2.78%	2.12%	9.71%
2019	3.29%	1.94%	0.39%	6.31%

Source: U.S. Census Bureau 2019 Estimates.

Income

The income for residents of the Town is significantly higher than for residents of the County or State. The per capita income of Town residents in 2019 was 73% larger than the per capita income of the entire County's and 151% larger than the State average.

Per Capita Money Income

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>% Change 2010/2019</u>
Town	\$43,018	\$60,628	76,063	98,833	29.94%
County	25,584	36,726	47,814	57,049	19.31%
State	16,501	23,389	30,948	39,326	27.07%

Source: U.S. Census Bureau 2019 Estimates.

Employment

The following tables provide information concerning employment and unemployment in the Town, County and State. Data provided for the County and State are not necessarily representative of the Town. Unemployment drastically increased in March of 2020 due to the COVID-19 global pandemic.

Civilian Labor Force
(Annual Averages)

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>% of Change 2000/2010</u>	<u>% of Change 2010/2020</u>
County	462,300	479,100	478,000	3.63%	(0.23%)
State	9,140,500	9,630,300	9,289,200	5.36%	(3.54%)

Source: New York State Department of Labor.

Average Unemployment Rate

<u>Year</u>	<u>County</u>	<u>State</u>
2010	7.5%	8.7%
2011	7.1	8.3
2012	7.4	8.6
2013	6.4	7.8
2014	5.2	6.3
2015	4.6	5.2
2016	4.4	4.9
2017	4.5	4.6
2018	3.9	4.1
2019	3.6	3.8
2020	8.4	10.0

The largest employers situated in the Town are IBM, Swiss Re Insurance America, and Byram Hills Central School District. In addition, there are a variety of other companies or public agencies located in the Town that employ 100 or more employees. A large percentage of the working force is also employed in New York City or the White Plains area (located on the Town's southern border). Many of the Town's residents hold top level management or professional positions. The following table lists the major employers in the Town.

Major Employers in the Town
(December 31, 2019)

<u>Name of Business</u>	<u>Nature of The Business</u>	<u>Number of Employees</u>
IBM Corporation	Computer-products and research services	3,000
Byram Hills Central School District	Education	586
Breezemont Day Camp	Co-ed day camp for children ages 3-15	267
Mariani Gardens	Garden Center/Restaurant	250
Town of North Castle	Government	156
Carquest Auto Parts	Commercial	150
Productions Resources Group	Commercial	150
Swiss Re	Reinsurance	150
Grand Lux Realty	Real Estate Agent	100
Intuition Medical Group	Oral Health	84
	Total	<u>4,893</u>

Sources: 2019 Audited Financial Statements. Westchester County Department of Finance.

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

Construction Activity

The following tables provide certain information about construction and demolition activity in the Town from January 1, 2010 through December 31, 2020:

Commercial, Industrial and Residential Building Permit Activity (2010 – 2020)

Year	Commercial & Industrial		Residential		Totals		Demolition Permits
	No. of Permits	\$ Value	No. of Permits	\$ Value	No. of Permits	\$ Value	
2010	35	1,622,442	709	20,851,902	744	22,474,344	7
2011	37	3,045,760	731	30,690,596	768	33,736,356	12
2012	46	4,263,680	898	39,866,633	944	44,130,313	16
2013	73	5,866,977	884	28,459,765	957	34,326,742	12
2014	68	4,759,190	1,038	27,989,047	1,106	32,748,237	14
2015	47	8,346,835	1,184	36,546,918	1,231	44,893,753	16
2016	34	36,641,900	1,171	27,399,002	1,204	64,040,902	15
2017	58	16,587,728	1,147	24,969,725	1,205	41,557,453	18
2018	32	18,702,993	1,273	14,388,699	1,305	33,091,692	13
2019	24	8,189,920	1,131	29,658,119	1,155	37,848,039	11
2020	<u>44</u>	<u>6,991,707</u>	<u>527</u>	<u>23,635,614</u>	<u>571</u>	<u>30,627,321</u>	<u>1</u>
Totals:	<u>454</u>	<u>115,019,132</u>	<u>10,693</u>	<u>304,456,020</u>	<u>11,190</u>	<u>419,475,152</u>	<u>135</u>

Residential Building Permits for New Construction (2010-2020)

<u>Year</u>	<u>Number of Dwelling Units</u>
2010	4
2011	12
2012	14
2013	8
2014	13
2015	14
2016	7
2017	12
2018	13
2019	11
2020	<u>5</u>
Total:	<u>113</u>

Source: Town Officials.

Transportation

The Town is served by all major forms of transportation. Highway facilities include U.S. Interstate 684 and U.S. Route 22. Rail and Bus Service are provided by the Harlem Division of the Metropolitan Transportation Authority and the Westchester Bee Line. The County Airport (portions of which are in the Town) and the New York City airports (LaGuardia, Kennedy and Newark Airports) are easily accessible to residents of the Town and provide domestic and international air service on a regular basis.

Utilities

The Consolidated Edison Company provides electric and gas services to homes and businesses in the Town. Verizon provides local telephone services in the Town. The Town and other public agencies in the Town purchase electricity from the State Power Authority. The Town provides municipal water and sewer services throughout much of the

Town. Various County Sewer Districts provide sewage treatment for all municipal sewer districts in the Town, except for one.

TOWN INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Town (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 Town 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 Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid 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 as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted, no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town 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. The State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town 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 Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town 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.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. (See "*Tax Levy Limit Law*" herein.)

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum or may be submitted to the Town voters at the discretion of the Town Board. If a bond resolution is submitted to the voters by the Town Board, then only a three-fifths vote of the Town Board is needed for adoption.

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 Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute 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 generally such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein).

The Town Board, as the finance board of the Town, has the power, pursuant to the Local Finance Law, to adopt tax and revenue anticipation note resolutions by majority vote. Such resolutions may authorize the issuance of tax or revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits, but, in no event, exceeding the amount of taxes or moneys estimated to be received by the Town, less any tax or revenue anticipation note previously issued and less the amount of such taxes or revenues previously received by the Town.

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

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

Debt Contracting Limitation and Power

The ORPS annually establishes State Equalization Rates for all localities in the State which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and, where applicable, the calculation of debt contracting and real property tax limitations. The Town is not subject to a real property taxation limitation but does have a debt contracting limitation equal to seven percent of its five-year average full valuation. (See "*Debt Limit*" under "*Constitutional Requirements*" herein).

The Town determines the assessed valuation for taxable real properties. The ORPS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes but which the Town exempts for general municipal purposes.

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

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

Computation of Constitutional Debt Contracting Limitation

Assessment Roll Filed	Years Ended December 31:	State Assessed Valuation	Equalization Rate	Full Valuation
2015	2016	\$116,546,225	2.25%	\$5,179,832,222
2016	2017	116,949,175	2.34	4,997,827,991
2017	2018	116,111,025	2.19	5,301,873,288
2018	2019	116,420,060	2.26	5,151,330,088
2019	2020	116,584,517	2.30	<u>5,068,892,043</u>
Total Five-Year Full Valuation				\$25,669,755,633
Five-Year Average Full Valuation				<u>5,139,951,127</u>
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				<u><u>\$359,796,579</u></u>

Source: Town Officials.

Statement of Debt Contracting Power
(As of April 22, 2021)

Five-Year Average Full Valuation	\$5,139,951,127
Debt Limit 7% Thereof	359,796,579
Inclusions:	
Outstanding Bonds	\$20,256,000
Bond Anticipation Notes	-
Total Inclusions	<u>\$20,256,000</u>
Exclusions:	
Water and Sewer District Bonded Debt ⁽¹⁾	\$15,238,152
Total Net Indebtedness	<u>\$5,017,848</u>
Net Debt Contracting Margin	\$354,778,731
Percentage of Debt Contracting Power Exhausted	1.39%

(1) Sewer debt excluded pursuant to an order of the State Comptroller, dated May 28, 1996.

Trend of Bonded Debt

The following table sets forth the gross amount of bonded debt outstanding at the end of each of the last five years:

Bonded Debt
(2016-2020)

Years Ended December 31:	Amount
2016	\$21,857,000
2017	25,243,582
2018	23,704,582
2019	22,165,000
2020 (Unaudited)	20,586,000

Debt Service Schedule

The following table sets forth the annual debt service requirements, as of January 1 of each year, on all outstanding bonds of the Town, excluding the Bonds. This table does not include subsidies or administration fees associated with debt issued with the New York State Environmental Facilities Corporation.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,629,000	\$722,084	\$2,351,084
2022	1,504,000	666,352	2,170,352
2023	1,314,000	608,501	1,922,501
2024	1,334,000	552,888	1,886,888
2025	1,289,000	500,743	1,789,743
2026	1,319,000	459,242	1,778,242
2027	1,033,000	417,387	1,450,387
2028	1,061,000	383,171	1,444,171
2029	1,101,000	347,185	1,448,185
2030	762,000	313,725	1,075,725
2031	799,000	283,107	1,082,107
2032	831,000	251,103	1,082,103
2033	865,000	217,657	1,082,657
2034	580,000	182,739	762,739
2035	590,000	160,168	750,168
2036	610,000	137,101	747,101
2037	630,000	113,370	743,370
2038	425,000	93,525	518,525
2039	440,000	78,650	518,650
2040	460,000	63,250	523,250
2041	475,000	47,150	522,150
2042	495,000	30,525	525,525
2043	510,000	18,150	528,150
2044	<u>530,000</u>	<u>7,950</u>	<u>537,950</u>
Totals:	<u>\$22,586,000</u>	<u>\$6,655,725</u>	<u>\$29,601,880</u>

Short-Term Indebtedness

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

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

The Town is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and in the regulations issued under the U.S. Internal Revenue Code. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes, and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year. The Town does not currently have any tax anticipation notes or revenue anticipation notes outstanding.

Overlapping Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and various school districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values.

The following table presents the amount of overlapping debt and the Town's share of this debt as of the dates indicated; authorized but unissued debt has not been included.

Statement of Overlapping Debt

<u>Overlapping Units</u>	<u>As of</u>	<u>Total Net Indebtedness</u>	<u>Percent Applicable</u>	<u>Applicable Net Indebtedness</u>
County of Westchester	12/23/2020	900,221,411	1.75%	\$15,753,874.69
School District:				
Byram Hills CSD	12/01/2020	15,025,000	85.86%	12,900,465.00
Bedford CSD	06/30/2020	56,009,647	2.22%	1,243,414.16
Harrison UFSD	06/30/2019	-	0.02%	-
Mount Pleasant	06/30/2020	28,600,000	2.15%	614,900.00
Valhalla	11/12/2020	15,128,160	28.19%	<u>4,264,628.30</u>
Total:				<u>\$34,777,282</u>

Debt Ratios

The following table presents certain ratios relative to the Town's capital indebtedness as of April 22, 2021:

Direct and Overlapping Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Estimated Full Value⁽²⁾</u>
Net Direct Debt	\$ 5,017,848	\$ 410	0.10%
Overlapping Debt	<u>34,777,282</u>	<u>2,843</u>	<u>0.69</u>
Net Direct and Overlapping Debt	\$39,795,130	\$3,253	0.79%

(1) The population of the Town is 12,231 as of 2019.

(2) The Town's full valuation is \$5,068,892,043 for the 2020 fiscal year.

Authorized but Unissued Debt

Following the issuance of the Bonds, the Town will have no authorized but unissued debt.

FINANCIAL FACTORS

Budget Process

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before October 20th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date (the Town has no authority to amend the budget submitted by a fire district). After reviewing these estimates, the budget officer prepares a tentative budget which includes the budget officer's recommendations. The tentative budget is filed with the Town Clerk not later than the 30th of October. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before November 10th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is required to be held no later than the 10th day of December. At such hearing, any person may express his opinion concerning the preliminary budget; however, this is no requirement of provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than December 20th, at which time the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget including the transfer of appropriations among line items, must be approved by resolution of the Town Board.

Status of 2021 Budget. Town officials expect that the General Fund, Highway Fund and Library Fund, the Town’s principal operating funds, will operate within their respective budgets for 2021. Revenue and expenditure data for these funds, which were obtained from the Town’s budget control report, prepared as of December 9, 2020, are presented below.

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Difference</u>
General	\$20,505,525	\$20,505,525	-
Highway	7,322,955	7,322,955	-
Library	<u>1,529,492</u>	<u>1,529,492</u>	-
Total	\$29,357,973	\$29,357,973	-

Investment Policy

Although the accumulation of funds for investment is not a Town purpose, the Town temporarily invests funds on hand pending their expenditures for Town capital and operating purposes. Pursuant to Section 39 of the State’s General Municipal Law, the Town has adopted an investment policy applicable to the investment of all moneys and financial resources of the Town. The responsibility for the investment program has been delegated by the Town Board to the Town Supervisor (and certain “delegated officers”) who was required to establish written operation procedures consistent with the Town’s investment policy guidelines. According to the investment policy of the Town, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return. The Town reviews its investment policy on an annual basis.

Authorized Investments. The Town has designated three banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money, including certificates of deposits, from the Town. No more than \$35 million may be on deposit in any institution at one time. In addition to such deposits, the Town is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America, obligations of the State, obligations issued pursuant to the Local Finance Law 24.00 or 25.00 by any municipality, school district or district corporation other than the Town (with State Comptroller approval), obligations of public authorities, urban corporation other than the Town (with State Comptroller approval), obligations of public authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose enabling legislation authorizes such investments, certificates of participation issued pursuant to General Municipal Law 109(b) and obligations of the Town but only with any moneys in a reserve fund. The Town may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York, securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a third-party bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All Town deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be a pledge of collateral of “eligible securities” authorized by Section 10 (1)(f) of the General Municipal Law of the State, irrevocable letters of credit and surety bonds made payable to the Town. The Town’s collateral agreements limit the type of eligible securities acceptable to the Town as follows: obligations of the United States of America, guaranteed agencies thereof, certain corporations sponsored by the United States government, obligations issued or fully insured or guaranteed by the State, the obligations of political subdivisions of the State and certain public benefit corporations, obligations issued by states (other than the State) of the United States rated in one of the three highest rating categories, general obligations of political subdivisions of other states rated in one of the three highest rated categories, any mortgage related securities which may be purchased by banks and zero coupon obligations of the United States.

Eligible securities must be held by the depository or third-party bank or trust company subject to security and custodial agreements. The Town’s security agreements provide that the aggregate market value of pledged securities must equal the principal amount of deposit, the agreed upon interest and the cost or expense for collecting such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank. The custodial agreements used by the Town provide that pledged securities must be kept separate and apart from the general assets of the custodian. Such securities may not be pledged as security for any other deposit or liability.

Independent Audit

The Town has retained the firm of The Bonadio Group, LLP, to audit its financial statements. Appendix B to this Official Statement includes summaries of the Town’s most recent audit reports covering the fiscal years ended December 31, 2015 through 2019 for the General Fund.

Revenues

The Town derives its General Fund revenues primarily from real property taxes (including interest and penalties thereon), sales and use taxes, State aid and recreation fees.

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance*” in Appendix B herein.) Property taxes accounted for 58.5% of total General Fund revenues for the fiscal year ended December 31, 2019. (See also “*Tax Levy Limit Law*” herein.)

The following table sets forth total General Fund revenues and real property taxes received for each of the last five audited fiscal years and the amounts budgeted for the 2020 and 2021 fiscal years.

<u>General Fund Revenues & Real Property Taxes</u>			
<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues⁽¹⁾</u>	<u>Real Property Taxes</u>	<u>Ratio of Real Property Taxes to Total Revenues</u>
2015	\$17,646,554	\$10,375,180	58.8%
2016	20,404,221	12,368,680	60.6
2017	21,473,471	13,120,992	61.1
2018	18,870,045	10,829,132	57.4
2019	20,612,341	12,064,092	58.5
2020 (Adopted Budget)	20,429,133	11,941,357	58.5
2021 (Adopted Budget)	20,505,525	12,519,265	61.1

⁽¹⁾ General Fund.
Source: Audited Financial Statements and Adopted Budgets of the Town.

State Aid. The Town receives financial assistance from the State. In its budget for the current fiscal year, approximately 12.9% of the total General Fund revenues of the Town 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 Town, in any year, the Town 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 Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurance that the State’s financial position will not change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “*Risk Factors*” and “*Impacts of COVID-19*” 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 Town. However, in the State’s final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage was used to keep towns and villages whole. The Governor’s Executive Budget for the State’s 2021-2022 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.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 Mid-Year State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State. (See also "*Impacts of COVID-19*," and "*Risk Factors*," herein).

The amount of State aid to municipalities, including the Town, and school districts in the State is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have negatively impacted 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 Town.

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

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

The following table sets forth total General Fund revenues and State aid received for each of the last five audited fiscal years and the amounts budgeted for the 2020 and 2021 fiscal years.

General Fund Revenues, State Aid and Mortgage Tax

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u> ⁽¹⁾	<u>State Aid</u>	Ratio of State Aid to Total <u>Revenues</u>
2015	\$17,646,554	\$1,259,417	4.6%
2016	20,404,221	1,331,648	4.6
2017	21,473,471	1,407,528	5.5
2018	18,870,045	1,177,409	6.2
2019	20,612,341	1,269,096	4.1
2020 (Adopted Budget)	20,429,133	827,000	4.1
2021 (Adopted Budget)	20,505,525	827,000	4.0

(1) General Fund.

Source: Audited Financial Statements and Adopted Budgets of the Town.

Sales and Use Tax. Since 1971, the County has imposed a 1-1/2% County-wide sales and use tax on all retail sales.

Additionally, the State imposes a 4% State sales tax and, since May 1, 2005, a 3/8% sales tax levied in the Metropolitan Transportation Authority District.

In July 1991, the State Legislature authorized an additional 1% sales tax (above the 1-1/2% County-wide sales and use tax described above). The additional 1% sales tax is apportioned between the County (33-1/3%), school districts in the County (16-2/3%) and towns, villages and cities in the County which have not imposed sales taxes (50%). The County imposes this additional sales tax in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been periodically reauthorized by State Legislature and made permanent in 2019.

In February 2004, the State Legislature authorized an increase of 1/2% to the additional 1991 1% sales tax. The County retains 70% of this 1/2 percentage point increase, the municipalities 20% and school districts 10%. This increase became effective March 1, 2004 and has been periodically reauthorized by the State Legislature and made permanent in 2019. The County imposes this additional sales tax in localities other than cities which have their own sales tax.

In 2019, the County petitioned the State Legislature to authorize a 1% increase to the 3% currently imposed by the County outside of the four cities imposing sales and use taxes. The tax increase was approved and effective as of August 1, 2019. This authorization expires on November 30, 2023. The County retains 70% of the 1% point increase, the municipalities 20% and school districts 10%.

In summary, the combined sales tax (County, State, and MTA) in the County, exclusive of cities that have imposed sales tax, is 8.375%. The sales tax rate in the city of Yonkers is 8.875%. In the other cities that impose a sales tax, the rate is 8.375%. The total County portion of sales tax equates to a rate of 1.5% on sales in locations with city sales tax and 2.833% (after municipal sharing) on sales in locations that do not have city sales tax. Therefore, the total sales and use tax rate within the County is 8.375% in all jurisdictions except Yonkers (8.875%).

Chapter 59 of the Laws of 2019 requires that a portion of the sales tax be withheld to be distributed as payments to towns and villages in the amounts they had previously received through the Aid and Incentives to Municipalities program in State fiscal year 2018-19. Chapter 56 of the Laws of 2020 requires that a portion of the sales tax be withheld and deposited in the State's Distressed Provider Assistance Account for distribution to distressed nursing homes and hospitals. The impact of these two initiatives is expected to be approximately \$8 million annually.

The Town recorded sales and use tax revenue of \$2,454,516 in 2020, which accounted for 13.16% of total general fund revenue and other financing sources for the year. Sales and use tax revenue showed a positive budgetary variance of \$254,516 for 2020. The Town has budgeted \$2,200,000 for the sales and use tax in 2021.

General Fund Revenue & Sales Tax

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenue ⁽¹⁾</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenue</u>
2015	\$17,646,554	\$1,707,607	9.7%
2016	20,404,221	1,728,947	8.5
2017	21,473,471	1,806,640	8.4
2018	18,870,045	1,895,807	10.0
2019	20,612,341	2,166,563	10.5
2020 (Unaudited)	18,645,784	2,454,516	13.1
2021 (Adopted Budget)	20,505,525	2,200,000	10.7

(1) General Fund.

Source: Audited Financial Statements and Adopted Budgets of the Town.

Employee Pension Benefits

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

The employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1. The law requires 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. The pension payment date for all local governments is February 1.

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

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The Town has prepaid its contribution each year since December 2004.

The employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by law. 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 was enacted in 2010 that authorizes local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 3%. The legislation also requires those local governments and school districts, which decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance.

In 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates

("ARCs"). The plan authorizes municipalities to pay the SCO amount in lieu of the ARC amount. The Town has not participated and does not intend to participate in the modified ERS SCO plan in the foreseeable future.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time. (See "*Risk Factors*" herein.)

Other Post Employment Benefits

The Town 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 Town's total OPEB liability as of December 31, 2019 was \$97,374,299 using a discount rate of 2.90% and actuarial assumptions and other inputs as described in the Town's December 31, 2019 audited financial statements.

Should the Town be required to fund the total OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town 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 Town will continue funding this expenditure on a pay-as-you-go basis.

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

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

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be

classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as “No Designation” with a Fiscal Score of 13.3 and an Environmental Score of 13.3.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The Town has not been reviewed by OSC in the past five years. Complete reports can be obtained from OSC’s website.

See the State Comptroller’s official website for more information. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

REAL PROPERTY TAX INFORMATION

Tax Levy Limitation Law

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded.”

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

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

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

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

Tax Collection Procedures

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State and the County Tax Law. Towns and cities in the County are responsible to assess all real property within their boundaries and to collect and enforce all real property taxes and assessments. The Town receives tax warrants for the collection of taxes from the County as well as the school districts and fire districts within its boundaries. The Town remits the full amount of the County, fire district and school district taxes according to the times prescribed by the County Tax Law. The Town is required to pay the full amount of each warrant presented by these various entities, whether or not these amounts are actually collected by the Town. The Town enforces delinquent taxes through tax liens and in-rem foreclosure proceedings.

Town, County, and special district taxes or assessments 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% thereafter to the tax lien sale date of July 1.

School taxes for the school year beginning July 1st may be paid in two installments. The first of such installments is due on September 1st and may be paid 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% thereafter to the tax lien sale of July 1. The second installment of school taxes is payable without penalty until January 31st, after which the penalty is 10% during February and March, and 12% thereafter to the tax lien sale date of July 1.

At the time of the tax lien sale date of July 1, the Town Tax Receiver files a delinquent list with the County and a 1% per month late fee accrues for the next two years. At this point, In Rem foreclosure proceedings commence.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”) included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. This credit expired.

Real Property Taxes and Assessments

The Town received approximately 58.5% of its total general fund operation revenue and other financing sources from real property taxes and assessments during the year ended December 31, 2019. Payments in lieu of taxes \$669,020 accounted for 3.2% of 2019 general fund revenue (see “*Matters Affecting Property Assessments and Taxes*” herein). The following table shows the trend during the last five years for real property assessments, real property tax and assessment levies and collections thereof, general purpose tax rates and certain information concerning tax liens.

Tax Collections **(2016-2020)**

Years Ended 30-Jun	Amount of Tax Levy	Tax Collections	Current Unpaid Taxes	Collections To Tax Levy (%)
2016	\$42,198,812	\$42,084,270	\$114,542	99.73%
2017	41,503,591	41,346,992	156,599	99.62%
2018	43,524,164	42,956,136	568,028	98.69%
2019	43,496,119	43,049,366	446,753	98.97%
2020	43,289,750	42,927,992	361,758	99.16%

Source: Town Officials.

Ten Largest Taxpayers

The following table presents the taxable assessments of the Town’s largest taxpayers listed on the 2020 tax roll:

Largest Taxable Properties in the Town

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>% of Total Assessed Valuation⁽¹⁾</u>
New York City	Water Shed Property	\$8,560,240	7.34
Con Edison	Utility	1,937,917	1.66
Westchester County	Airport	1,795,800	1.54
Swiss Re America	Reinsurance	1,557,840	1.34
Airport Campus I LLC	Commercial	1,146,000	0.98
IBM	Commercial	1,087,300	0.93
Citigroup Inc.	Commercial	888,800	0.76
Armonk Avenue Properties	Commercial	446,000	0.38
Fifth Avenue Properties	Residential	390,600	0.34
99 Business Park Drive	Commercial	<u>315,000</u>	<u>0.27</u>
		\$18,125,497	15.55%

(1) Total taxable assessed value for the fiscal year ending 2020 is \$116,584,517.

Matters Affecting Property Assessments and Taxes

International Business Machines Corporation. The taxable assessments of property owned by International Business Machines Corporation (“IBM”) have been affected by certain transactions and agreements. IBM has over the years divided its land consisting of 367.93 acres of land and several buildings, including its world corporate headquarters into a number of separate continuous parcels. A parcel consisting of 81.64 acres of land and the former world corporate headquarters designated as Lot A-3, remains on the tax assessment rolls. The remaining lot created by subdivision – Lot A-4 consisting of 32 acres is currently being marketed and is zoned for a hotel use. Two smaller parcels were transferred to the Town for recreation facilities and water well locations. The remaining parcel consisting of 211.1 acres of land and IBMs Management Development Center building, designated as Lot B, was transferred to a State agency pursuant to a lease agreement (See “*Empire State Development Corporation Leases*”, below).

The taxes assessed to Lots A-3 and A-4 are determined in accordance with normal assessment and taxation practices. IBM has recently invested approximately \$30 million into its former world corporate headquarters building consisting of 420,000 sq. ft. as it intends to fully utilize this facility as it sells off developed sites in neighboring jurisdictions.

Empire State Development Corporation Leases. The New York State Urban Development Corporation, D.B.A. Empire State Development Corporation (“ESDC”), has entered into lease agreements with IBM and Engel-Burman in connection with the construction projects undertaken by these companies in the Town. Under the terms of these agreements, ESDC acquired title to certain properties which are being leased back to the original corporate owners. The leases both have a term of 20 years and provide that the corporations will pay rent in the form of payment in-lieu of taxes (“PILOTS”). Such payments are made to the taxing jurisdiction in which the properties are located, based on their proportionate share of the total taxes applicable to the subject property. In connection with the transfer of title to ESDC, the leased properties became exempt from real property taxation. Both agreements are non-challengeable and are nearing the end of their respective terms. Negotiations are in process to extend both agreements.

IBM PILOT. Pursuant to a lease agreement, dated December 5, 1995, the ESDC (as landlord) leased IBM (as tenant) a parcel of land consisting of 211.11 acres upon which a 228,000 square foot management development center (MDC) is located. The land and MDC were acquired by the ESDC from the IBM for nominal consideration. IBM also constructed a 283,500 sq. ft. building on this site to serve as its new world corporate headquarters. The Town has renewed the lease agreement and the new agreement expires on June 30, 2023.

Under the terms of the lease, IBM makes PILOTS to the Town, the County and the Byram Hills Central School District until 2023. The Town’s share of the IBM PILOT is estimated to be approximately 16%. Payments are being allocated to the various tax jurisdictions based on the ratio of their tax rate per \$1,000 of assessed value to the combined tax rate for all jurisdictions. Amounts due to the town are paid on or before April 30. The Town received payments of \$628,367, \$561,720, and \$519,752 under this agreement for 2018, 2019, and 2020 respectively.

For the years 2015, 2016 and 2017, the Town received \$301,236, \$307,596, and \$324,164 respectively, as its share of the Swiss Re PILOT. The Town will receive no further PILOT payments.

Engel-Burman at Armonk LLC PILOT. The County entered into a pilot program with Engel-Burman at Armonk LLC (“Engel-Burman”) on December 1, 2012. Engel-Burman made payments towards a 3-story 119,000 square foot assisted living facility located at 90 Business Park Drive in the amounts of \$93,554, \$107,299 and \$118,561 in 2018, 2019, and 2020 respectively. The Town expects future payments to be made until the agreement expires on December 31, 2025.

End of Appendix A

APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

**TOWN OF NORTH CASTLE
BALANCE SHEET - GENERAL FUND
FISCAL YEAR ENDING: DECEMBER 31**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS					
Cash and cash equivalents	\$15,520,814	\$10,989,082	\$25,798,486	\$18,668,029	\$12,631,968
Investments	0	0	0	0	0
Taxes receivable, net of allowance for uncollectible taxes	27,589,232	32,309,009	21,270,485	29,318,385	1,759,211
Other receivables:					
Accounts	64,236	67,050	90,761	38,034	175,806
Due from other funds	0	0	0	0	0
Due from other governments	495,615	562,342	579,062	603,840	760,324
Prepaid expenses	587,230	514,353	515,212	494,109	498,188
Total Assets	<u>\$44,257,127</u>	<u>\$44,441,836</u>	<u>\$48,254,006</u>	<u>\$49,122,397</u>	<u>\$15,825,497</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
<u>LIABILITIES</u>					
Accounts payable	\$368,224	\$327,306	\$1,055,068	\$330,910	\$445,891
Accrued liabilities	0	0	0	5,795	14,334
Retainages payable	0	0	16,040	0	0
Accrued interest	0	0	0	0	0
Due to other funds	0	0	0	0	0
Due to other governments	0	0	0	0	0
Due to school districts	34,892,261	34,472,227	34,205,958	36,026,994	0
Deferred tax revenue	0	0	0	0	0
Unearned revenue	0	0	0	0	0
Bond anticipation notes payable	0	0	0	0	0
Other Liabilities	0	0	0	0	2,332,409
Current portion of long term debt	0	0	0	0	0
Total Liabilities	<u>\$35,260,485</u>	<u>\$34,799,533</u>	<u>\$35,277,066</u>	<u>\$36,363,699</u>	<u>\$2,792,634</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Property tax revenues	\$3,103,402	\$2,757,661	\$3,367,485	\$2,646,580	\$399,230
Total Deferred Inflows of Resources	<u>\$3,103,402</u>	<u>\$2,757,661</u>	<u>\$3,367,485</u>	<u>\$2,646,580</u>	<u>\$399,230</u>
<u>FUND BALANCES:</u>					
Nonspendable	\$587,230	\$514,353	\$515,212	\$494,109	\$498,188
Restricted	1,692	1,692	1,692	1,692	1,692
Committed	0	9,700	0	0	0
Assigned	9,700	0	0	0	0
Unassigned	5,294,618	6,358,897	9,092,551	9,616,317	12,133,753
Total Fund Balances	<u>\$5,893,240</u>	<u>\$6,884,642</u>	<u>\$9,609,455</u>	<u>\$10,112,118</u>	<u>\$12,633,633</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$44,257,127</u>	<u>\$44,441,836</u>	<u>\$48,254,006</u>	<u>\$49,122,397</u>	<u>\$15,825,497</u>

TOWN OF NORTH CASTLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
FISCAL YEAR ENDING: DECEMBER 31

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES:					
Real property taxes	\$10,375,180	\$12,368,680	\$13,120,992	\$10,829,132	\$12,064,092
Other tax items	1,613,511	1,774,281	1,670,613	1,149,132	1,222,455
Non-property taxes	2,011,724	2,037,387	2,126,623	2,210,188	2,480,309
Departmental income	1,703,731	1,737,993	1,780,180	1,694,107	1,882,705
Use of money and property	102,406	98,533	198,908	529,034	768,849
Licenses and permits	781,959	1,129,946	796,868	979,422	909,230
Fines and forfeitures	125,364	151,439	104,852	123,865	126,889
Sale of property and compensation for loss	47,918	95,947	355,255	23,027	65,304
State aid	808,541	941,166	1,181,932	1,172,985	835,950
Federal aid	2,405	3,488	2,441	3,599	2,790
Miscellaneous	73,815	65,361	134,807	155,554	253,768
Total Revenues	<u>\$17,646,554</u>	<u>\$20,404,221</u>	<u>\$21,473,471</u>	<u>\$18,870,045</u>	<u>\$20,612,341</u>
EXPENDITURES:					
General government support	\$4,005,705	\$3,849,011	\$3,956,417	\$3,944,384	\$4,006,015
Public safety	9,844,725	8,913,695	8,688,286	9,022,195	9,117,178
Health	7,664	2,144	2,584	5,002	5,003
Transportation	345,543	344,165	741,450	623,521	406,595
Economic opportunity and development	276,934	221,760	231,596	228,501	247,383
Culture and recreation	3,004,775	3,100,803	3,042,360	2,995,797	3,006,464
Home and community services	1,236,655	1,301,282	1,465,191	1,364,288	1,761,366
Employee benefits	0	0	0	0	0
Debt service - Principal	0	0	572,020	135,166	135,166
Debt service - Interest	190,561	189,550	61,753	48,528	43,530
Total Expenditures	<u>\$18,912,562</u>	<u>\$17,922,410</u>	<u>\$18,761,657</u>	<u>\$18,367,382</u>	<u>\$18,728,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,266,008)</u>	<u>2,481,811</u>	<u>2,711,814</u>	<u>502,663</u>	<u>1,883,641</u>
OTHER FINANCING SOURCES (USES):					
Insurance recoveries	\$0	\$0	\$0	\$0	\$0
Transfers in	0	5,017	12,999	0	0
Transfers out	(1,550,455)	(1,495,426)	0	0	(1,485,657)
Total Other Financing Sources (Uses)	<u>(\$1,550,455)</u>	<u>(\$1,490,409)</u>	<u>\$12,999</u>	<u>\$0</u>	<u>(\$1,485,657)</u>
Net Change in Fund Balances	<u>(2,816,463)</u>	<u>991,402</u>	<u>2,724,813</u>	<u>502,663</u>	<u>397,984</u>
Fund Balances - Beginning of Year	\$8,709,703	\$5,893,240	\$6,884,642	\$9,609,455	\$10,112,118
Prior Period Adjustment	\$0	\$0	\$0	\$0	\$2,123,531
Fund Balances - Beginning of Year, Restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,235,649</u>
Fund Balances - End of Year	<u><u>\$5,893,240</u></u>	<u><u>\$6,884,642</u></u>	<u><u>\$9,609,455</u></u>	<u><u>\$10,112,118</u></u>	<u><u>\$12,633,633</u></u>

**TOWN OF NORTH CASTLE
GENERAL FUND BUDGET
FISCAL YEAR ENDING: DECEMBER 31**

	<u>2020</u>	<u>2021</u>
<u>REVENUES:</u>		
Real property taxes	\$11,941,357	\$12,519,265
Other tax items	1,351,000	1,528,000
Non-property taxes	2,800,000	2,710,000
Departmental income	1,763,627	1,623,460
Use of money and property	626,949	389,800
Licenses and permits	970,700	761,000
Fines and forfeitures	147,000	147,000
Sale of property and compensation for loss	1,500	0
State aid	827,000	827,000
Federal aid	0	0
Miscellaneous	0	0
Total Revenues	\$20,429,133	\$20,505,525
<u>EXPENDITURES:</u>		
General government support	\$4,536,943	\$4,442,699
Public safety	10,027,956	10,330,432
Health	5,493	5,544
Transportation	402,338	420,187
Economic opportunity and development	260,562	242,260
Culture and recreation	3,180,471	2,973,020
Home and community services	1,747,861	1,887,122
Employee Benefits	8,500	8,500
Debt service - Principal	135,166	163,311
Debt service - Interest	38,187	32,450
Total Expenditures	\$20,343,476	\$20,505,525
Excess (Deficiency) of Revenues Over Expenditures	\$85,657	\$0
<u>OTHER FINANCING SOURCES (USES):</u>		
Insurance recoveries	\$0	\$0
Sale of real property	0	0
Transfers in	0	0
Transfers out	(85,657)	0
Total Other Financing Sources (Uses)	(\$85,657)	\$0
Net Change in Fund Balances	\$0	\$0

APPENDIX C

**LINK TO INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

Can be accessed on the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”) at the following link:

<https://emma.msrb.org/RE1453777.pdf>

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

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