

**SERIAL BONDS
BOND ANTICIPATION NOTES**

Rating: See “Rating” herein

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), as amended. Bond Counsel is also of the opinion that the interest on the Bonds and the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See “TAX EXEMPTION” herein.

The Bonds and the Notes will NOT be designated by the Town as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

\$10,020,000

GENERAL OBLIGATION SERIAL BONDS, 2021

(the “Bonds”)

Date of Issue: July 22, 2021

Maturity Dates: July 15, 2022-2051

\$7,371,000

BOND ANTICIPATION NOTES, 2021

(the “Notes”)

Date of Issue: July 22, 2021

Maturity Date: July 22, 2022

The Bonds and the Notes 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 of and interest on the Bonds and the Notes and, unless paid from other sources, the Bonds and the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the “Tax Levy Limitation Law”]; see “TAX INFORMATION-Tax Levy Limitation Law,” herein).

The Bonds and the Notes will be issued as registered bonds or notes, and at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to business in the State of New York as may be selected by the successful bidder. In such case, the Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof.

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, payable on July 15, 2022, and semi-annually thereafter on each January 15 and July 15 until maturity (or earlier redemption). The Bonds will mature on July 15 of each year starting in 2022, until maturity, as shown on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity.

If the Notes will be issued through DTC, to the extent so issued, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

To the extent that the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder.

The Notes are dated July 22, 2021 and bear interest from that date until July 22, 2022, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

Interest on the Bonds and the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds and the Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinions of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Bonds and the Notes will be available for delivery on or about July 22, 2021.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS AND THE NOTES HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS AND THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE BONDS AND/OR THE NOTES ARE PURCHASED FOR THE BUYER'S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE TOWN WILL COVENANT IN SEPARATE UNDERTAKINGS FOR THE BONDS AND THE NOTES TO PROVIDE CERTAIN CONTINUING DISCLOSURE PURSUANT TO THE RULE. SEE "DISCLOSURE UNDERTAKINGS".

July 1, 2021

The Bonds will mature on July 15 in each year, as set forth below.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2022	\$ 340,000				2037**	\$330,000			
2023	360,000				2038**	335,000			
2024	370,000				2039**	335,000			
2025	375,000				2040**	340,000			
2026	335,000				2041**	345,000			
2027	340,000				2042**	350,000			
2028	350,000				2043**	355,000			
2029	355,000				2044**	360,000			
2030**	360,000				2045**	365,000			
2031**	365,000				2046**	350,000			
2032**	350,000				2047**	245,000			
2033**	355,000				2048**	245,000			
2034**	360,000				2049**	250,000			
2035**	365,000				2050**	250,000			
2036**	365,000				2051**	220,000			

* 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.

** The Bonds maturing in the year 2030 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "THE BONDS AND THE NOTES - Optional Redemption" herein.

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

**Ronald Ruffino, Sr.
Town Supervisor**

TOWN BOARD

Adam Dickman Councilmember
Robert Leary Councilmember
David Mazur Councilmember
Michael Wozniak Councilmember

Diane Terranova Town Clerk
Kevin E. Loftus, Esq. Town Attorney
Pamela CuvIELlo Director of Administration & Finance

AUDITORS

**Drescher & Malecki LLP
Cheektowaga, New York**

BOND COUNSEL

**Hodgson Russ LLP
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

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

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF**

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

relating to

**\$10,020,000
GENERAL OBLIGATION SERIAL BONDS, 2021
(the “Bonds”)**

and

**\$7,371,000
BOND ANTICIPATION NOTES, 2021
(the “Notes”)**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Lancaster, Erie County, New York (the "Town", "County" and "State," respectively) in connection with the sale of the Town’s \$10,020,000 General Obligation Serial Bonds, 2021 (the “Bonds”) and \$7,371,000 Bond Anticipation Notes (the “Notes”).

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management’s beliefs as well as assumptions made by, and information currently available to, the Town’s management and staff. **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 “COVID-19,” herein.**

THE BONDS

Description

The Bonds will be issued as registered bonds and at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds. Individual purchasers will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof.

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, payable on July 15, 2022, and semi-annually thereafter on each January 15 and July 15 until maturity (or earlier redemption). The Bonds will mature on July 15 of each year starting in 2022, as shown on the inside cover page hereof. The Bonds maturing in the year 2030 and thereafter will be subject to optional redemption prior to maturity, as described herein. See “THE BONDS AND THE NOTES – Optional Redemption” herein.

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

Authority for and Purposes of the Bonds

The Bonds are being issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds (and notes in anticipation thereof) for various capital projects in and for the Town. The proceeds of the Bonds, along with \$450,000 in budgetary appropriations and cash on hand, will be used to redeem and retire, the applicable portion of the Town’s bond anticipation note that was issued on July 23, 2020 and to redeem and retire an outstanding bond anticipation note of the Town that was issued on September 22, 2020. Such projects, and their respective amounts, are described below:

<u>Purpose</u>	<u>Date(s) Authorized</u>	<u>Amount Outstanding</u>	<u>Principal Payment</u>	<u>The Bonds</u>
Water Main Improvements	5/16/2016; 11/19/2018	\$6,675,000	\$250,000	\$6,425,000
Street Lighting Energy EPC	11/19/2018	2,810,000	175,000	2,635,000
Erie Street Culvert Replacement	4/15/2019	625,000	25,000	600,000
Portable Truck Lift - Highway	5/18/2020	200,000	0	200,000
Partridge Walk Improvements	7/20/2020	160,000	0	160,000
	TOTALS:	<u>\$10,470,000</u>	<u>\$450,000</u>	<u>\$10,020,000</u>

THE NOTES

Description

The Notes are dated July 22, 2021 and will bear interest from that date until July 22, 2022, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes will be issued as registered notes and at the option of the purchaser, may be registered to DTC or may be registered in the name of the purchaser.

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder.

Authority for and Purposes of the Notes

The Notes are being issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds (and notes in anticipation thereof) for various capital projects in and for the Town. The proceeds of the Notes will provide new money financing in the amount of \$7,371,000. Such projects, and their respective amounts, are described below.

<u>Purpose</u>	<u>Date(s) Authorized</u>	<u>New Money</u>	<u>The Notes</u>
Water District Improvements	4/19/2021	\$2,535,000	\$2,535,000
Acquisition of Highway Equipment	3/15/2021	1,480,000	1,480,000
Acquisition of Vehicles and Equipment (Parks and Recreation Dept.)	3/15/2021	595,000	595,000
Road Construction and Reconstruction (Maple Drive)	3/15/2021	255,000	255,000
Drainage Improvements (Meadow Lea Drive)	3/15/2021	191,000	191,000
Highway Culverts	3/15/2021	2,025,000	2,025,000
Drainage Study	3/15/2021	55,000	55,000
Town Hall Improvements	3/15/2021	130,000	130,000
Historic Building Painting	3/15/2021	<u>105,000</u>	<u>105,000</u>
	TOTALS:	<u>\$7,371,000</u>	<u>\$7,371,000</u>

THE BONDS AND THE NOTES

Optional Redemption

The Notes will NOT be subject to optional redemption, in whole or in part, prior to maturity.

The Bonds maturing on or before July 15, 2029 will not be subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2030 will be subject to redemption prior to maturity, at the option of the Town, on July 15, 2029 or on any date thereafter, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected at random within a maturity), at par (100%), plus accrued interest to the date of redemption.

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

Written notice of any such redemption (the “Notice”) shall be given to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date set for such redemption. Such Notice will be provided in accordance with the prevailing Depository Trust Company (“DTC”) redemption notification procedure (currently, transmission of the Notice by e-mail to redemptionnotification@dtcc.com, with the date of such email transmission being deemed the date that the Notice was given). In the event that such procedure is modified by DTC, the Notice will be provided in accordance with any new DTC procedure or, in the absence of any DTC procedure, by mailing the Notice by first class mail to the registered owner(s) of the Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in the Notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

The Town may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys and/or any other event. If any such condition is not satisfied, such redemption shall not occur,

and the Town is to give notice thereof, as soon as practicable, in the same manner, to the same person(s), as notice of such redemption was given. Additionally, any such redemption notice may be rescinded by the Town no later than one business day prior to the date specified for redemption, by written notice by the Town given in the same manner, to the same person(s), as notice of such redemption was given.

Nature of Obligation

The Bonds and the Notes, when duly issued and paid for, will constitute a contract between the Town and the holder(s) thereof.

The Bonds and the Notes 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. For the payment of such principal and interest, the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see "TAX INFORMATION-Tax Levy Limitation Law," herein.

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 the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the Town's budget for fiscal year 2012-13. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "TOWN INDEBTEDNESS—Remedies Upon Default," herein.

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 all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities' tax levies.

On April 12, 2019, the enacted State budget legislation for fiscal year 2020 made the Tax Levy Limitation law permanent.

The Tax Levy Limitation law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Levy Limitation law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. While the Tax Levy Limitation law as originally enacted only allowed adjustment for development of taxable land, Chapter 20 of the Laws of 2015 allows the Commissioner of Taxation and Finance to adjust the calculation based on the development on tax exempt land.

A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement

System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of 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 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 the Tax Levy Limitation law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such 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

Book-Entry-Only System

TO THE EXTENT THAT THE BONDS AND THE NOTES ARE ISSUED IN BOOK-ENTRY-ONLY FORM, THE FOLLOWING PROVISIONS SHALL APPLY.

DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. One fully-registered note certificate will be issued for each Note issued in book-entry form bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 and the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS AND THE NOTES: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND THE NOTES, 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 OBLIGATION 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 AND THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS AND THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE

COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds and Notes

DTC may discontinue providing its services with respect to the Bonds and Notes at any time by giving reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds and the Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination for the Notes. Principal of the Bonds and the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State of New York to be named by the Town.

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. While several vaccines have been developed and are now being deployed world-wide, the full impact of the pandemic is difficult to predict due to uncertainties regarding its duration and severity.

While initially the hospitality and tourism industries were hardest hit, within a short period of time there was widespread unemployment across all economic sectors in the United States.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took significant steps to backstop those markets and to provide much-needed liquidity, and markets have since generally stabilized. Still, given these conditions, it is possible that the process of trading the Bonds and the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (“CARES”) Act of 2020 and the \$1.9 trillion American Rescue Plan Act (“ARP”) Act of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a \$150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive monies from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall.

The ARP Act includes an additional \$350 billion for states, tribal governments and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-

19 and to make necessary investments in water, sewer or broadband infrastructure. These broader categories allow such governments much more flexibility in utilizing such funds.

Municipal Liquidity Facility: The Federal Reserve established a “Municipal Liquidity Facility” (“MLF”) in 2020 that offered up to \$500 billion in direct federal lending to certain larger issuers, which were in turn able to use their own loan proceeds to make loans to included smaller governmental units that would not otherwise qualify for this program. The MLF expired on December 31, 2020. Most municipal issuers did not have to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is notable that the MLF existed as a market backstop if needed.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic.

While initially “non-essential” employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening. Reopening occurred in phases, with different businesses and industries allowed to open in each phase.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. Such areas were labeled “yellow”, “orange” or “red.” When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining yellow zone cluster restrictions were lifted; therefore, there were no longer any areas of the State subject to special restrictions under such system.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated and, as of April 6, 2021, all New Yorkers 16 years of age and older have been eligible to receive a vaccine.

As of June 15, 2021, the State reached the milestone of 70 percent of New Yorkers aged 18 or older having received the first dose of the COVID-19 vaccination series. Since then, the State’s health guidance and industry specific guidelines have been largely lifted, including social gathering limits, capacity restrictions, and social distancing requirements.

Up-to-date information on the State’s COVID-19 response can be found at <https://forward.ny.gov>. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year, and continuing during the State’s 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will

benefit from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities will receive a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

Local Response

The State Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement the same. Specifically, in the event of a qualifying disaster or reasonable apprehension of immediate danger to the public safety, the municipal chief executive has the authority to declare a local state of emergency for a period of up to 30 days and issue orders to protect life and property or to bring the emergency situation under control. The Town has declared a local state of emergency.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic could have a significant adverse effect on the Town's finances.

The Town is continuing to monitor this situation and will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as needed.

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

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

Disease outbreaks or similar public health threats could have an adverse impact on the Town's financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further

discussion of the impacts of the COVID-19 pandemic, which is expected to have a significant adverse effect on the Town's finances.

The Town is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In some recent years, the Town received delayed payments of State aid, which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities ("AIM") funding. Further, municipalities that host Video Lottery Terminal ("VLT") facilities will receive a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town. See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

Should the Town fail to receive moneys expected from the State in the amounts and at the times expected, 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 market for the Bonds and the Notes could also be affected if the Code were to be amended to reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and the Notes and other debt issued by the Town. See the discussion in "TAX EXEMPTION" herein.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds and the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code (the "Code"). However, such opinion will note that the Town, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds and the Notes to become subject to federal income taxation from the date of issuance of the Bonds and the Notes. Such opinion will state that interest on the Bonds and the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Bonds and the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the Town with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax certificate that will be executed and delivered by the Town in connection with the issuance of the Bonds and the tax certificate and nonarbitrage certificate that will be executed and delivered by the Town in connection with the issuance of the Notes (collectively, the “Certificates”) establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Bonds and the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Bonds and the Notes be used in a manner so that the Bonds and the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirements contained in Code Section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Bonds and the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the Town will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Bonds and the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Bonds and the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Bonds and the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Bonds and the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds and the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Bonds and the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds and the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds and the Notes may affect the tax status of interest on the Bonds and the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if

enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds and the Notes or the tax consequences of ownership of the Bonds and the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND THE NOTES

Absence of Litigation

Upon delivery of the Bonds and the Notes, the Town shall furnish certificates of the Town Attorney, dated the date of delivery of the Bonds and the Notes to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and the Notes, or in any way contesting or affecting the validity of the Bonds and the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the Town wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Town or adversely affect the power of the Town to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds and the Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the final approving opinions of Bond Counsel. Such opinions will be available at the time of delivery of the Bonds and the Notes and will be to the effect that the Bonds and the Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of *ad valorem* real property taxes to pay the Bonds and the Notes and interest thereon without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinions shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Bonds and the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may have been furnished or disclosed to purchasers of the Bonds and the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

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

DISCLOSURE UNDERTAKINGS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Bonds and/or Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the Town will enter into separate Disclosure Undertakings for the Bonds and the Notes at closing, the forms of which are attached hereto as "APPENDIX D" and "APPENDIX E", respectively. A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds and/or the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The Town has established procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of 'Aa3' to the Town's outstanding bonded indebtedness of the Town. The Town has requested a rating on the Bonds and Notes.

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Town in connection with the sale of the Bonds and the Notes.

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, and 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 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 and the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Director of Administration and Finance, Pamela CuvIELLO, at 21 Central Avenue, Lancaster, New York 14086, phone: (716) 601-0714, email: pcuvIELLO@lancasterny.gov or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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 and the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the Town, expresses no opinions as to the accuracy or completeness of information in any document prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds and the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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.

**TOWN OF LANCASTER
ERIE COUNTY, NEW YORK**

By: /s/ Ronald Ruffino
Ronald Ruffino, Sr.
Town Supervisor

DATED: July 1, 2021

APPENDIX A

THE TOWN

General Information

The Town, consisting of approximately 37 square miles, is located less than 11 miles east of the City of Buffalo. The Village of Lancaster is located wholly within the Town, as is a portion of the Village of Depew. The population of the Town is 41,604 according to the July 1, 2010 U.S. Census. Major portions of the Lancaster Central School District and the Depew Union Free School District are situated within the Town, as well as minor portions of the Alden, Clarence and Iroquois Central School Districts. The New York State Thruway Interstate 90 runs through the Town. The Buffalo Niagara International Airport is located within a short distance from the Town.

The Town is largely suburban residential in character; it contains three light industrial parks in addition to fully-serviced, industrial-zoned lands. Many of the residents are employed within the Town while others find employment in the commercial and industrial activities of the City of Buffalo and throughout Western New York.

Town Government

The Town was established in 1833 by the State Legislature. There are five independently governed school districts located partially within the Town, which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as a basis for taxation of property located within the Town.

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

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

The Town Clerk and the Town Highway Superintendent are each elected for four-year terms. The Town Board appoints the Town Assessor and the Town Attorney.

Town Services

New York State Electric & Gas Corporation and National Fuel Gas provide electricity and natural gas to the Town, respectively. The water supply for the portions of the Town outside the Villages of Depew and Lancaster is provided by the Erie County Water Authority. A Town-wide water district is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such district. Erie County Sewer District No. 4 and special assessment sewer districts provide sanitary sewer services. Police protection is provided by the Town Police Department in the Town and the Village of Lancaster; the Village of Depew has its own police department. Fire protection is provided by various fire companies contracted by the Town and by the Village Fire Departments.

The Town is generally responsible for providing services as required by citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment from time to time. The Town also owns and operates and maintains various recreation facilities.

Employees

The Town employs approximately 140 full-time, 140 part-time and 150 seasonal employees, some of which are represented by the following.

<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Civil Service Employees Association, Blue Collar Unit	30	12/31/2021
Civil Service Employees Association, White Collar Unit	38	12/31/2021
Police Benevolent Association, Inc. (Cayuga Club)	52	12/31/2018*
Public Safety Dispatchers Union	11	12/31/2021

**In negotiations*

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employee retirement systems. 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 Systems offer 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each 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 Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Except as noted below, all members hired on or after July 27, 1976 must contribute 3% of their gross annual salary toward the costs of retirement programs. The 3% contribution is waived when the employee completes ten (10) years of service.

A pension reform bill, Chapter 49 of the Laws of 2003, was enacted to change the cycle of ERS billing to match budget cycles of the Town. Under the previous method, the Town was unsure of how much it paid to the system until after the Town's budget was implemented. Under the new method the contribution for a given fiscal year will be based on the value of the pension fund in prior years.

On July 20, 2004, the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, the Governor signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004 and permits municipalities to establish a reserve for future anticipated contributions.

On December 10, 2009, the Governor signed in to law a new Tier V. The law is effective for ERS employees hired after January 1, 2010. New ERS employees contribute 3% of their salaries with no provision for these contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are

made in December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The Town has elected to make such payments in December of each year. However, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The following table details the Town's contractually required contributions to the ERS for the preceding two audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the recently ended fiscal year:

<u>Fiscal Year Ended 12/31</u>	<u>Systems' Fiscal Year Ended 3/31</u>	<u>ERS</u>
2020 <i>Budget</i>	2021 <i>Budget</i>	\$875,500
2019	2020	821,000
2018	2019	821,419
2017	2018	777,960
2016	2017	820,238

Source: *Audited Financial Statements*

The following table details the Town's contractually required contributions to the PFRS for the preceding two audited fiscal years for the Town's fiscal year ending December 31 (the Systems' fiscal year ending March 31), and the budgeted amount for the recently ended fiscal year:

<u>Fiscal Year Ended 12/31</u>	<u>Systems' Fiscal Year Ended 3/31</u>	<u>PFRS</u>
2020 <i>Budget</i>	2021 <i>Budget</i>	\$1,361,891
2019	2020	1,318,000
2018	2019	1,292,029
2017	2018	1,437,157
2016	2017	1,419,360

Source: *Audited Financial Statements*

Due to significant capital market declines in the recent past, for several years, the State's ERS portfolios have experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rates for the State's ERS have at times been higher than the minimum contribution rate established by Chapter 49. To mitigate such increases in the employer contribution rates, legislation was enacted that would permit local governments and schools districts to amortize a portion of their required ERS pension contribution payments with the State ERS. Such legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State ERS reserve funds for future payment increases that are a result of fluctuations in pension plan performance.

State Comptroller Thomas DiNapoli announced that the estimated average contribution rate for participating employers in the ERS would decrease in fiscal year 2019-20 from 14.9 percent of payroll to 14.6 percent of payroll. The estimated average contribution rate for participating employers in the PFRS will remain at 23.5 percent of payroll.

As part of the 2013-14 State budget a pension smoothing option was introduced that would let municipalities amortize over seven years a portion of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs across the state. The plan, which was approved in Governor Cuomo's 2013-14 budget, would let municipalities in the 2016-17 year contribute 14.13% of employee costs toward pensions. The Town has not opted into the pension smoothing plan.

Other Post-Employment Benefits

In June 2015, the Governmental Accounting Standards Board ("GASB") released GASB Statement No. 75 ("GASB 75"), which was required to be implemented in the Town's 2018 fiscal year. GASB 75 replaces

the requirements of GASB 45 and establishes new standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Under GASB 75, governments must report a liability on the face of the financial statements for the post-employment benefits (“OPEB”) that they provide; such liability can no longer be a footnote as was allowed under GASB 45.

During the year ended December 31, 2019, the Town implemented GASB Statement No. 75.

The Actuarial Report summary is made part of the Independent Auditor’s Report included in Appendix C. The following table shows the components of the Town’s annual OPEB cost, the amount actually contributed to the plan and the changes in the Town’s net OPEB obligation as of December 31, 2019.

Total OPEB Liability	<u>2020</u>
Balance at December 31, 2018, as restated:	<u>\$13,269,196</u>
Changes for the year:	
Service Cost	118,488
Interest	576,047
Difference between expected and actual experience	619,894
Changes of assumptions	2,607,591
Benefit payments	<u>(793,815)</u>
Net changes in total OPEB liability	<u>3,128,205</u>
Net OPEB obligation – end of year	<u>\$16,397,401</u>

Should the Town be required to fund its unfunded accrued 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 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 has decided to continue funding the liability on a pay-as-you-go basis.

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

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller’s Office. Appendix B to this Official Statement presents a summary of the financial operating results of the General and Special Revenue Funds for each of the last five fiscal years ended, and budget summaries for the current and prior fiscal years. The Town’s Fiscal Year 2020 audited financial statements are not expected to be available until July, 2021.

Fund Structure and Accounts

The accounting practices of the Town conform to those prescribed by generally accepted accounting principles and by the New York State Comptroller’s Office “Uniform System of Accounts for Towns”.

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, and sales tax.

Expenditures are recorded when the fund liability is incurred. Exceptions to this rule are (1) prepaid and most inventory-type items which are generally recognized at the time of disbursement; (2) unmatured interest on general long-term debt which is recognized when due; and (3) compensated absences, such as vacation and sick leave which vests or accumulates, which is charged as an expenditure when paid.

The encumbrance method of accounting is employed in the governmental funds, whereby commitments for contracts and outstanding purchase orders are reported as a reservation of fund balance. Such commitments are recorded as expenditures in the accounting period in which the liability is incurred.

Revenues

The Town derives a major portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes and other property tax items accounted for 74.3% of total general fund revenues for the fiscal year ended December 31, 2020, while State aid accounted for 10.7%.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last four fiscal years, and the amounts budgeted for the prior and current year.

TABLE 1
Property Taxes
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2016	\$9,048,840	\$6,664,843	73.7%
2017	9,275,632	6,850,599	73.8%
2018	9,663,948	7,164,031	74.1%
2019	10,426,840	7,744,049	74.3%
2020 <i>Budgeted</i>	10,590,007	7,928,547	74.9%
2021 <i>Budgeted</i>	10,093,067	7,872,946	78.0%

Source: Town’s audited financial statements (2016-2020) and 2021 Adopted Budgets.

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita and mortgage tax). For the fiscal year ended December 31, 2019, State aid represented approximately 10.7% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, possibly requiring either a counterbalancing increase in revenues from other sources to the extent available, a curtailment of expenditures, or some combination of the two.

The State’s finances have been adversely impacted by the COVID-19 pandemic, which may affect State aid. See “COVID-19,” herein, the further details on such pandemic and its effects on the State.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year, and continuing during the State’s 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (“AIM”) funding. Further, municipalities that host Video Lottery Terminal (“VLT”) facilities will receive a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town. See “COVID-19,” herein, for further details on the COVID-19 pandemic and its effects on the State.

The following table sets forth total general fund revenues and State aid during the last five fiscal years, and the amounts budgeted for the previous and current fiscal years.

TABLE 2
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2015	\$8,928,079	\$951,360	10.7%
2016	9,048,840	926,559	10.2%
2017	9,275,632	1,041,278	11.2%
2018	9,663,948	960,738	9.9%
2019	10,426,840	1,111,336	10.7%
2020 <i>Budgeted</i>	10,590,007	848,625	8.0%
2021 <i>Budgeted</i>	10,093,067	793,000	7.9%

Source: Town’s audited financial statements (2016-202) and 2021 Adopted Budgets.

Budget Process

The Supervisor, with the assistance of the Director of Administration and Finance, acting as Budget Officer, prepares a “tentative” budget annually and presents the same to the full Town Board by September 30th. The full Town Board then reviews and may amend the budget and adopt the “preliminary” budget. Upon adoption of this “preliminary” budget, a public hearing is called. Following this hearing final revisions are made by the full Town Board and the final budget is then adopted.

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the Town is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, obligations of the Town.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

TAX INFORMATION

Real Property Tax Collection Procedures and History

Tax payments are due January 15 to February 15 without penalty; February 16 to 28 with a 1.5% penalty; March 1 to 15 with a 3% penalty; March 16 to 31 with a 4.5% penalty; April 1 to 15 with a 6% penalty; April 16 to 30 with a 7.5% penalty. On May 1 the 7.5% penalty fee is added to the levy forming the tax base then due. Thereafter interest is added to the base at the rate of 1.5% per month on the first of each month.

The tax roll is returned to the County on July 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains its full tax levies for all unpaid items from the County and thus the Town is assured of receiving 100% of its tax levy.

The following table presents tax rates for each of the last six fiscal years.

TABLE 3
Tax Rates
(per \$1,000 of Assessed Valuation)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town Outside Villages	\$5.74	\$5.74	\$5.80	5.85	5.97	\$4.68
Village of Depew	2.47	2.47	2.56	2.72	2.79	2.07
Village of Lancaster	3.95	3.95	4.00	4.09	4.16	3.28
County	5.24	5.39	5.55	5.64		
Lighting	0.11	0.10	0.12	0.12	0.12	0.087
Fire	1.64	1.60	1.60	1.60	1.6	1.277
Water	0.22	0.22	0.27	0.29	0.32	0.238
Refuse ⁽¹⁾	134.75	138.79	148.15	167.88	170.86	176.93

(1) Per unit charge

Source: Town Officials

The following tables set forth the assessed and full valuation of taxable real property, the State equalization rate and the Town's real property tax levy for Town purposes for the last five fiscal years.

TABLE 4
Assessed and Full Valuation

	<u>Tax Year 2017</u>	<u>Tax Year 2018</u>	<u>Tax Year 2019</u>	<u>Tax Year 2020</u>	<u>Tax Year 2021</u>
Taxable Assessed Valuation	\$2,873,775,595	\$2,950,372,938	\$3,015,747,744	\$4,029,871,665	\$4,034,829,908
State Equalization Rate	92.00%	88.00%	77.00%	100.00%	100.00%
Full Valuation	3,025,026,942	3,206,927,107	3,426,986,073	4,029,871,665	4,034,829,908

Source: Town Assessor

TABLE 5
Tax Levy and Collection Record

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$42,603,304	\$44,141,911	\$46,410,941	\$47,684,689	\$50,536,777	\$50,309,195
Amount Collected	<u>40,116,112</u>	<u>42,864,032</u>	<u>44,109,785</u>	<u>45,395,296</u>	<u>47,421,605</u>	\$50,237,142
Returned to County:						
Amount	\$1,443,795	\$1,334,946	\$1,345,041	\$1,356,081	\$1,159,958	N/A
Percentage	3.39%	3.02%	3.05%	2.99%	2.44%	N/A

Source: Town Clerk

Ten Largest Assessed Values for the 2020 Tax Year

The following table presents the total 2020 assessed valuations of the Town's largest property owners for the 2020 tax levy.

TABLE 6
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
NYS Electric & Gas Corporation	Utility	\$12,574,304	0.31%
5828 Broadway LLC	Apartments	14,645,000	0.36%
Transit Road Apartments LLC	Apartments	29,160,000	0.72%
Italian Gardens Real Estate Corp.	Commercial	11,040,000	0.27%
National Fuel Gas Distribution	Utility	9,330,000	0.23%
Juniper Boulevard LLC	Apartments	17,100,000	0.42%
Benderson_Lancaster Associates	Commercial	15,370,000	0.38%
Tranwer, LLC	Commercial	9,470,000	0.23%
Wal-Mart Stores East LP	Commercial	10,560,000	0.26%
Cocoon Development LLC	Commercial	<u>10,960,000</u>	<u>0.27%</u>
	Total:	<u>\$140,209,304</u>	<u>3.47%</u>

(1) The total assessed taxable valuation of the Town for the 2021 Assessment Roll \$4,034,829,908.

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and

patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, it means that 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” (<https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2019-munis-summary.pdf>).

New York State Comptroller’s Audit

Many municipalities throughout the state can be subject to an audit of the New York State Office of the Comptroller (“OSC”) pursuant to Article V, Section 1 of the State Constitution and the State Comptroller’s authority as set forth in Article 3 of the New York State General Municipal Law.

An audit was conducted by OSC and was released on August 17, 2018. The purpose of the audit was to determine whether the Board ensured Information Technology (IT) assets were properly safeguarded and secured. The complete report (including the Town’s response) can be obtained from OSC’s website. <https://www.osc.state.ny.us/files/local-government/audits/pdf/lgsa-audit-town-2018-lancaster.pdf>

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 and statutory limitations include the following, in summary form, and are generally applicable to the Town and the Bonds and the Notes.

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 within three fiscal years periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several purposes for which it is contracted, unless the Town determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "THE BOND SAND THE NOTES-Nature of Obligation", 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.

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 and notes, 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 of such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

The Local Finance Law also provides a 20-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town typically complies with such procedures. It is a procedure that is recommended by bond counsel, but it not an absolute requirement.

Each bond resolution 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 and notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (generally) extend 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. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and 2021 to be renewed up to seven years prior to the issuance of serial bonds.

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the 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 five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Town.

TABLE 7
Constitutional Debt Limit

<u>Roll</u>	<u>Rate</u>	<u>Assessed</u>	<u>Equalization</u>	<u>Full</u>
<u>Year</u>	<u>Year</u>	<u>Valuation</u>	<u>Ratio</u>	<u>Valuation</u>
2016	2017	\$2,873,775,595	92.00%	\$3,025,026,942
2017	2018	2,950,372,938	88.00%	3,206,927,107
2018	2019	3,015,747,744	77.00%	3,426,986,076
2019	2020	4,029,871,665	100.00%	4,029,871,665
2020	2021	4,034,829,908	100.00%	4,034,829,908
Total Five-Year Valuation				\$17,723,641,698
Average Five-Year Valuation				\$3,544,728,339
Debt Limit – 7% of Average Full Valuation				\$248,130,984

Source: Town Assessor's Office and the New York State Office of Real Property Services.

Statement of Debt Contracting Power

The following table sets forth the debt limit of the Town, as of July 1, 2021:

TABLE 8
Statutory Debt Limit and Net Indebtedness

Debt Contracting Limitation	\$248,130,984
Gross Direct Indebtedness	
Serial Bonds	17,980,000
Bond Anticipation Notes	<u>10,470,000</u>
Total Gross Direct Indebtedness	28,450,000
Exclusions and Deductions	
Water Bonds	0
Water BANs	<u>6,675,000</u>
Total Exclusions:	6,675,000
Total Net Indebtedness	<u>\$21,775,000</u>
Net Debt-Contracting Margin	<u>\$226,355,984</u>
Percentage of Debt-Contracting Margin Exhausted	<u>8.78%</u>

Remedies Upon Default

Under current law, provision is made for contract creditors (including the holders of the Bonds and the Notes) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the Town's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a holder's

remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. 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, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of the holders of bonds and notes issued by municipalities and school districts, such courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for each of the five prior fiscal years for which audited financial statements are available.

TABLE 9
Outstanding Indebtedness

Debt Outstanding

<u>December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$16,210,000	\$22,670,00	\$20,850,000	\$18,980,000	\$17,060,000
Bond Anticipation Notes	<u>8,000,000</u>	<u>1,170,000</u>	<u>4,900,000</u>	<u>4,840,000</u>	<u>15,655,000</u>
Total Outstanding Debt	<u>\$24,210,000</u>	<u>\$23,840,000</u>	<u>\$25,750,000</u>	<u>\$23,820,000</u>	<u>\$32,715,000</u>

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. 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 table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

Direct Debt

Gross Direct Debt	\$28,450,000
Exclusions & Deductions	<u>(6,675,000)</u>
Net Direct Debt	<u>\$21,775,000</u>

Overlapping Debt

<u>Issuer</u>	<u>As of:</u>	<u>Net Debt Outstanding</u>	<u>Town Share</u>	<u>Amount Applicable to Town</u>
Erie County	09/01/20	\$327,310,000	8.28%	\$27,101,268
Village of Lancaster	05/31/20	5,957,682	100.00%	\$5,957,682
Village of Depew	05/31/20	8,625,122	16.13%	1,391,232
Lancaster CSD	05/18/21	62,030,000	88.90%	55,144,670
Depew UFSD	11/25/20	26,225,000	31.81%	8,342,173
Clarence CSD	12/21/20	8,632,114	1.95%	168,326
Alden CSD	05/12/21	20,885,000	7.09%	1,480,747
Iroquois CSD	11/18/21	13,825,000	0.74%	<u>102,305</u>

Net Overlapping Debt	\$99,688,402
Net Direct Debt	<u>21,775,000</u>
	<u>\$ 121,463,402</u>

Source: NYS Comptroller's Office

Short-Term Indebtedness

Following the Issuance of the Bonds and the Notes, the Town will have \$7,371,000 in bond anticipation notes outstanding for various projects, which will mature on July 22, 2022.

Debt Ratios

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

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ₍₂₎
Net Direct Debt	\$ 21,775,000	\$523	0.54%
Net Direct & Overlapping Debt	\$ 121,463,402	\$2,919	3.01%

(1) The population of the Town is 41,604 according to the 2010 Census.

(2) The Town's full value of taxable real property for assessment roll for 2021 is \$4,034,829,908.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness for the fiscal years ending as follows:

TABLE 12
Bond Principal and Interest Maturity
(As of July 1, 2021)

<u>Fiscal Year</u> <u>Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2021	\$2,065,000	\$475,862	\$2,540,862
2022	2,140,000	677,000	2,817,000
2023	2,220,000	571,006	2,791,006
2024	2,220,000	460,906	2,680,906
2025	2,300,000	350,531	2,650,531
2026	2,195,000	235,856	2,430,856
2027	1,130,000	144,275	1,274,275
2028	1,150,000	106,075	1,256,075
2029	915,000	66,725	981,725
2030	755,000	40,725	795,725
2031	475,000	20,625	495,625
2032	235,000	8,300	243,300
2033	105,000	3,600	108,600
2034	75,000	1,500	76,500
Total:	<u>\$17,980,000</u>	<u>\$3,162,987</u>	<u>\$21,142,987</u>

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage</u> <u>Change</u>
Town	39,019	41,604	6.6%
County	950,265	919,040	(3.4%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census

Employment and Unemployment

The following tables provide information concerning employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town.

TABLE 14
Large Commercial and Industrial Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No.</u> <u>of Employees</u>
Lancaster Central School District	Education	1,782
C & S Wholesale Grocers, Inc.	Warehouse	867
Greenfield Health & Rehab. Center	Health Care	350
Ecology and Environment, Inc.	Environmental Counseling	340

Source: Lancaster Chamber of Commerce

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town	23.2	23.2	23.1	23.1	22.8
County	445.4	443.7	441.6	440.8	439.3
State	9,527.0	9,549.0	9,511.2	9,507.1	9,289.2

Source: *New York State Department of Labor.*

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2016	4.3%	5.0%	4.9%
2017	4.3%	5.1%	4.6%
2018	3.7%	4.4%	4.1%
2019	3.3%	4.1%	3.8%
2020	7.8%	9.5%	10.0%

Source: *New York State Department of Labor.*

TABLE 17
Monthly Unemployment Rates*

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
June 2020	11.2%	13.5%	14.8%
July	10.0%	13.1%	14.8%
August	7.5%	10.1%	11.6%
September	5.0%	6.9%	9.9%
October	4.3%	6.4%	8.3%
November	4.3%	6.5%	8.3%
December	6.4%	7.9%	8.5%
January 2021	6.5%	7.8%	9.4%
February	6.5%	8.0%	9.7%
March	6.1%	7.1%	8.4%
April	5.3%	6.2%	7.7%
May	N/A	N/A	6.9%

Source: *New York State Department of Labor. Information not seasonally adjusted.*

*Note that figures in this section are historical and do not speak as to current or projected employment rates. Unemployment drastically increased starting in mid-March 2020 due to the COVID-19 global pandemic, although it has since begun to decrease. See "COVID-19" herein.

Wealth Statistics

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$66,029	\$51,050	\$53,482
Per Capita Income	31,967	28,512	28,555

Source: *United States Census Bureau.*

Financial Institutions

There are several banks in the Town including Alden State Bank, Bank of America, Citizens Bank, KeyBank, Bank of Akron, Evans National Bank and M&T Bank.

Communication

The Town is served by the major metropolitan area newspapers, radio and television stations. In addition, the Town has one local newspaper, the "Lancaster Bee". Following a merger with Time Warner Cable, Charter Communication, Inc. provides cable service to the Town.

Transportation

Transportation facilities include an excellent network of highways, the New York State Thruway Interstate 90, and the Metro Bus System. Several major airlines operating from the Buffalo-Niagara International Airport and the Niagara Falls International Airport also serve the area. These facilities make the Town easily accessible to the large diversified industrial area of the Niagara Frontier.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. Town officials (after consulting with the Town Attorney) do not believe, however, that adverse decisions in such suits either individually or in the aggregate, would have a materially adverse effect on the financial condition of the Town.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

TOWN OF LANCASTER, NEW YORK
Comparative Balance Sheets
Fiscal Years Ended December 31:

	<u>General Fund</u>		<u>Special Revenue Fund</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Assets:				
Cash	\$2,795,837	\$3,015,056	\$2,833,145	\$2,629,294
Restricted Cash	822,100	701,823	214,726	439,694
Deposits	17,401	17,401	0	0
Receivables	41,491	46,092	4,427	22,678
Intergovernment Receivables	104,187	205,296	2,045,685	2,129,984
Due from Other Funds	284,751	3,609	190,474	73,291
Prepaid Expenitures	97,086	96,455	416,714	407,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$4,162,853</u>	<u>\$4,085,732</u>	<u>\$5,705,171</u>	<u>\$5,702,456</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$143,736	\$323,856	\$208,419	\$212,176
Accrued Liabilities	116,141	145,621	208,912	356,993
Due to Other Funds	190,475	137,053	0	0
Intergovernmental payables	0	26,544	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$450,352</u>	<u>\$633,074</u>	<u>\$417,331</u>	<u>\$569,169</u>
Fund Equity:				
Nonspendable	97,086	96,455	161,683	407,515
Restricted	822,100	675,279	1,036,826	5,055,963
Assigned	987,782	551,595	3,186,830	4,286,078
Unassigned	1,805,533	2,129,329	1,805,533	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>3,712,501</u>	<u>3,452,658</u>	<u>6,190,872</u>	<u>9,749,556</u>
Total Liabilities and Fund Balance	<u><u>\$4,162,853</u></u>	<u><u>\$4,085,732</u></u>	<u><u>\$6,608,203</u></u>	<u><u>\$10,318,725</u></u>

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
GENERAL FUND
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$6,546,360	\$6,664,843	\$6,850,599	\$7,164,031	\$7,744,049
Other Property Tax Items	479,889	476,126	477,507	437,656	431,358
Departmental Income	224,288	230,795	238,367	280,857	299,875
Intergovernmental Charges	32,890	7,050	5,866	9,950	17,575
Use of Money and Property	188,948	210,824	220,082	322,418	357,135
Licenses & Permits	90,589	93,087	97,800	117,379	123,871
Fines & Forfeitures	258,960	259,308	304,758	309,000	236,841
Sale of Property & Comp. for Loss	32,171	66,028	10,249	34,025	32,928
Miscellaneous	72,951	63,868	29,126	27,894	21,182
State aid	951,360	926,559	1,041,278	960,738	1,111,336
Federal aid	49,673	50,352	0	0	50,690
Total Revenues	<u>\$8,928,079</u>	<u>\$9,048,840</u>	<u>\$9,275,632</u>	<u>\$9,663,948</u>	<u>\$10,426,840</u>
Expenditures and Other Uses					
General Government Support	\$3,211,750	\$3,182,016	\$3,124,480	\$3,389,670	\$4,262,739
Public Safety	59,068	76,786	74,238	116,062	164,399
Health	70,260	70,317	67,409	63,892	65,278
Transportation	137,243	133,014	152,735	135,110	170,340
Culture & Recreation	1,864,299	1,948,355	1,957,290	2,150,013	2,145,377
Home & Community Service	415,381	412,630	640,631	604,417	531,582
Employee Benefits	1,026,612	927,962	933,548	919,736	984,305
Debt Service - Principal	741,000	800,354	1,006,075	1,040,889	1,068,812
Debt Service - Interest	444,537	460,583	481,038	459,200	413,591
Total Expenditures	<u>\$7,970,150</u>	<u>\$8,012,017</u>	<u>\$8,437,444</u>	<u>\$8,878,989</u>	<u>\$9,806,423</u>
Excess (Deficiency) of Revenues over Expenditures	957,929	1,036,823	838,188	784,959	620,417
Other Financing Sources (Uses)					
Transfers In	37,625	20,000	56,578	14,578	0
Transfers Out	(1,163,450)	(1,157,721)	(804,850)	(822,989)	(880,260)
Premium on serial bond issuance	0	203,077	0	0	0
Total other financing sources (uses)	<u>(1,125,825)</u>	<u>(934,644)</u>	<u>(748,272)</u>	<u>(808,411)</u>	<u>(880,260)</u>
Net Change in Fund Balances	(167,896)	102,179	89,916	(23,452)	(259,843)
Fund Balance - Beginning of Year	<u>3,711,754</u>	<u>3,543,858</u>	<u>3,646,037</u>	<u>3,735,953</u>	<u>3,712,501</u>
Fund Balance - End of Year	<u>\$3,543,858</u>	<u>\$3,646,037</u>	<u>\$3,735,953</u>	<u>\$3,712,501</u>	<u>\$3,452,658</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2015-2019
Summary is not subject to audit.

TOWN OF LANCASTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
SPECIAL REVENUE FUNDS
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$12,682,285	\$13,005,183	\$13,363,100	\$11,474,279	\$11,433,913
Real Property Tax Items	481,702	490,227	503,492	432,168	409,553
Nonproperty Tax Items	4,301,532	4,307,832	4,486,543	4,725,902	4,853,728
Departmental Income	89,400	76,447	54,223	7,596	6,610
Intergovernmental Charges	1,219,540	1,269,455	1,242,695	1,280,007	1,343,267
Use of Money and Property	28,292	15,407	26,240	132,536	154,025
Fines & Forfeitures	22,470	25,683	24,167	3,776	18,713
Sale of Property	59,342	158,755	147,502	104,954	138,028
Miscellaneous	24,366	79	113,247	101,191	372,179
State aid	428,528	105,424	199,783	134,321	119,122
Federal aid	851,195	30,033	314,318	21,939	21,515
Total Revenues	<u>\$20,188,652</u>	<u>\$19,484,525</u>	<u>\$20,475,310</u>	<u>\$18,418,669</u>	<u>\$18,870,653</u>
Expenditures and Other Uses					
General Government Support	16,375	1,287	0	677	139,219
Public Safety	10,060,020	9,670,436	9,852,240	10,116,242	10,513,846
Transportation	3,267,454	2,639,654	2,719,817	3,097,195	3,296,231
Home & Community Service	2,143,741	2,188,305	2,266,937	0	0
Employee Benefits	2,880,805	2,837,754	2,822,555	2,846,529	2,840,188
Debt Service	244,641	228,058	404,099	383,879	385,354
Total Expenditures	<u>18,613,036</u>	<u>17,565,494</u>	<u>18,065,648</u>	<u>16,444,522</u>	<u>17,174,838</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	1,575,616	1,919,031	2,409,662	1,974,147	1,695,815
Other Financing Sources (Uses)					
Transfers in	265,000	330,099	294,721	281,914	527,454
Transfers out	(2,085,284)	(2,050,006)	(1,836,818)	(2,050,728)	(2,107,754)
Premium on serial bond issuance	0	133,617	0	0	0
Total Other Financing Sources (Uses)	<u>(1,820,284)</u>	<u>(1,719,907)</u>	<u>(1,542,097)</u>	<u>(1,768,814)</u>	<u>(1,580,300)</u>
Net Change in Fund Balance	(244,668)	332,741	867,565	205,333	115,515
Fund Balance - Beginning of Year	<u>4,351,398</u>	<u>4,106,730</u>	<u>4,439,471</u>	<u>5,307,036</u>	<u>5,512,369</u>
Fund Balance - End of Year	<u>\$4,106,730</u>	<u>\$4,439,471</u>	<u>\$5,307,036</u>	<u>\$5,512,369</u>	<u>\$5,627,884</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2015-2019
Summary is not subject to audit.

**Town of Lancaster, New York
Budget Summary**

GENERAL FUND

	<u>2020</u>	<u>2021</u>
Estimated Revenues:		
Real Property Taxes	\$ 7,928,547	\$ 7,872,946
Real Property Tax Items	432,000	435,000
Departmental Income	248,500	213,560
Intergovernmental Charges	2,000	2,000
Use of Money and Property	305,635	246,861
Licenses and Permits	91,500	83,500
Fines and Forfeitures	276,200	176,200
Sale of Property	7,000	5,000
Miscellaneous	10,000	5,000
State Aid	848,625	793,000
Appropriated Fund Balance & Reserves	440,000	260,000
Total Estimated Revenues	<u><u>10,590,007</u></u>	<u><u>10,093,067</u></u>

Budget Appropriations:		
General Government Support	\$3,781,118	\$3,645,027
Public Safety	174,600	153,087
Health	88,000	85,500
Transportation	196,008	225,009
Culture and Recreation	2,337,393	2,204,225
Home and Community Service	606,325	522,863
Employee Benefits	1,031,158	1,044,769
Debt Service	1,502,405	1,317,887
Interfund Transfer	873,000	894,700
Total Budget Appropriations	<u><u>\$10,590,007</u></u>	<u><u>\$10,093,067</u></u>

SUMMARY OF GENERAL, HIGHWAY and POLICE FUNDS

	<u>Appropriation</u>	<u>Revenue</u>	<u>Appropriated Fund Balance</u>	<u>Appropriated Reserves</u>	<u>Amount Raised By Taxes</u>
General Fund	\$10,093,067	\$1,960,121	\$260,000	\$0	\$7,872,946
Town Outside Villages	1,200,193	815,050	220,000	0	165,143
Highway Funds	5,176,369	587,700	225,000	0	4,363,669
Police	10,862,858	6,327,362	200,000	0	4,335,496
TOTALS	<u><u>\$27,332,487</u></u>	<u><u>\$9,690,233</u></u>	<u><u>\$905,000</u></u>	<u><u>\$0</u></u>	<u><u>\$16,737,254</u></u>

Source: Budget summary extracted from Annual Budgets as adopted.

APPENDIX C

**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/RE1354635-RE1053179-RE1462087.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. Drescher & Malecki, 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.**

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

DISCLOSURE UNDERTAKING FOR THE BONDS

This continuing disclosure undertaking (the “Disclosure Undertaking”) is executed and delivered by the Town of Lancaster, Erie County, New York (the “Issuer”) in connection with the issuance of its [\$10,030,000] General Obligation Serial Bonds, 2021 (such Bonds, including any interests therein, being collectively referred to herein as the “Security”). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB):

- (i) no later than the following September 30 after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to the following September 30 after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the “Report Date”), but in no event later than one year after the end of each fiscal year;
- (ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;
- (iii) in a timely manner (not in excess of ten business days after the occurrence of any such event), notice of any of the following events with respect to the Security:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
 - (7) Modifications to rights of Security Holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a)(ii) above, if the Issuer determines that any such other event is material

with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“Annual Financial Information” means the information specified in Section 3 hereof.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

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

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

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

“GASB” means the Governmental Accounting Standards Board, or any successor thereto.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in Appendix A, Appendix B and Appendix C of the Issuer’s final official statement relating to the Security; which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 5. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 6. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to adjust the Report Date if the Issuer changes its fiscal year; provided that such new date shall be within nine months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration;
- (f) to modify the contents, presentation and format of the Annual Financial Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(g) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 6 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 7. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 8. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 9. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [July 22, 2021].

TOWN OF LANCASTER
ERIE COUNTY, NEW YORK

By: _____
SPECIMEN
Town Supervisor

(SEAL)

ATTEST:

SPECIMEN
Town Clerk

APPENDIX E

FORM OF DISCLOSURE UNDERTAKING FOR THE NOTES

DISCLOSURE UNDERTAKING FOR THE NOTES

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Town of Lancaster, Erie County, New York (the “Issuer”) in connection with the issuance of its \$[7.371,000] Bond Anticipation Note(s), 2021 (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

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

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

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

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

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

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as

