

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 27, 2024

**NEW & RENEWAL ISSUES
SERIAL BONDS AND NOTES**

See “RATING” herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, 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, as amended. In the further opinion of Bond Counsel, interest on the Bonds and the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds and the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds and the Notes. See “Tax Matters” herein.

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

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

\$7,693,000*

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024

(the “Bonds”)

Dated: Date of Delivery

Due: September 15, 2025 – 2054

\$6,088,400

BOND ANTICIPATION NOTES, 2024

(the “Notes”)

Dated: September 26, 2024

Due: September 26, 2025

The Bonds and the Notes are general obligations of the Town of Carmel, Putnam County, New York (the “Town”), and all of the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein.)

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on September 15, 2025 and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See “Optional Redemption” herein.)

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

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

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

The Bonds are issued in book-entry form, such bonds will be delivered to DTC, which will act as securities depository for the Bonds and for those Notes issued in book-entry form issued as registered to Cede & Co. Individual purchases of such Bonds and Notes may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denominations in the first maturity of the Bonds which is or includes \$8,000 and one necessary odd denominations of the Notes which is or includes \$8,400. Purchasers will not receive certificates representing their ownership interests in the Bonds and the Notes issued as book-entry-only bonds and notes. Payment of the principal of and interest on such Bonds and Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds and Notes as described herein. (See “Book-Entry-Only System” herein.)

The Bonds and the Notes are offered subject to the respective final approving opinions of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds and Notes will be available for delivery through the offices of DTC in New York, New York or as otherwise agreed with the purchasers on or about September 26, 2024.

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

DATED: September __, 2024

* Preliminary, subject to change.

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The Bonds will mature on September 15, subject to optional redemption, in the following years and principal amounts:

<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>
2025	\$183,000	%	%		2040**	\$225,000	%	%	
2026	180,000				2041**	235,000			
2027	185,000				2042**	245,000			
2028	190,000				2043**	255,000			
2029	195,000				2044**	265,000			
2030	200,000				2045**	275,000			
2031	205,000				2046**	285,000			
2032	215,000				2047**	295,000			
2033**	220,000				2048**	310,000			
2034**	225,000				2049**	325,000			
2035**	235,000				2050**	335,000			
2036**	240,000				2051**	350,000			
2037**	250,000				2052**	365,000			
2038**	210,000				2053**	380,000			
2039**	220,000				2054**	395,000			

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

** The Bonds maturing in the years 2033 and thereafter will be subject to redemption prior to maturity, as described herein (see "Optional Redemption").

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

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

**Michael Cazzari
Supervisor**

TOWN BOARD

Robert Kearns Councilman
Suzanne McDonough..... Councilwoman
Frank D. Lombardi..... Councilman

TOWN OFFICIALS

Alice Daly Town Clerk
Kathleen S. Kraus Receiver of Taxes
Scott McMillan Assessor
Mary Ann Maxwell..... Comptroller
Gregory Folchetti, Esq. Legal Counsel

INDEPENDENT AUDITORS

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

BOND COUNSEL

**Orrick, Herrington & Sutcliffe LLP
New York, New York**

MUNICIPAL ADVISOR



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

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

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OFFICIAL STATEMENT

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

Relating To

\$7,693,000*

**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024
(the “Bonds”)**

and

\$6,088,400

**BOND ANTICIPATION NOTES, 2024
(the “Notes”)**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Town of Carmel, in the County of Putnam, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$7,693,000* Public Improvement (Serial) Bonds, 2024 (“the Bonds”), \$6,088,400 Bond Anticipation Notes, 2024 (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.

THE BONDS

Description of the Bonds

The Bonds are dated their date of delivery and will bear interest from such date until maturity, payable on September 15, 2025 and semiannually thereafter on March 15 and September 15 until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denominations in the first maturity of the Bonds which is or includes \$8,000 and one necessary odd denominations of the Notes which is or includes \$8,400. Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal 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 (defined herein), for subsequent disbursement to the Beneficial Owners of the Bonds as described under “*Book-Entry-Only System*,” herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

* Preliminary, subject to change.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law, and bond resolutions adopted by the Town Board on various dates authorizing the issuance of bonds to pay the cost of certain improvements as indicated below. The proceeds of the Bonds in the amount of \$7,693,000, together with \$1,525,000 in available funds, will be used to redeem a portion of the Town’s \$14,841,000 Bond Anticipation Notes, 2023 which mature on September 27, 2024.

<u>Date Authorized</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Amount of The Bonds</u>
8/15/18 & 6/10/20	11/6/18	Carmel Sewer District #1	\$ 200,000	\$ 50,000	\$ 150,000
4/24/19	10/3/19	Carmel Water District #2	8,243,000	1,400,000	6,843,000
6/1/22	9/29/22	Road Resurfacing 2022	575,000	75,000	500,000
5/17/23	9/28/23	Drainage 2023	200,000	0	200,000
			<u>\$9,218,000</u>	<u>\$1,525,000</u>	<u>\$7,693,000</u>

THE NOTES

Description of the Notes

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

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

At the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York (“DTC”) as book entry notes. The Town will act as Paying Agent for the Notes. The Town contact information is as follows: Mary Ann Maxwell, Comptroller, 60 McAlpin Avenue, Mahopac, New York 10541, (845) 628-1500 x. 175, e-mail: mam@ci.carmel.ny.us.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law, the Local Finance Law, and bond resolutions adopted by the Town Board on various dates authorizing the issuance of bonds to pay the cost of certain improvements as indicated below. A portion of the proceeds of the Notes in the amount of \$4,758,000, together with \$865,000 in available funds, will be used to redeem the remaining \$5,623,000 portion of the Town’s \$14,841,000 Bond Anticipation Notes, 2023 which mature on September 27, 2024. The remaining proceeds from the sale of the Notes in the amount of \$1,330,400 will be used to provide original or additional financing for the various projects as set forth on the following page.

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

<u>Date Authorized</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount of The Notes</u>
6/28/17	11/6/18	Water Meter Project	\$ 320,000	\$ 320,000	\$ 0	\$ 0
3/18/20	10/1/20	Lake Casse	236,000	30,000	0	206,000
3/18/20	10/1/20	Teakettle Lake	187,000	30,000	0	157,000
8/21/19	10/1/20	Water Tank Project	2,827,000	250,000	18,400	2,595,400
8/26/20	12/2/20	Lake Mahopac	428,000	20,000	0	408,000
8/26/20	9/30/21	Carmel Water District #2 2020	230,000	80,000	0	150,000
6/1/22	9/29/22	Drainage 2022	100,000	100,000	0	0
7/6/22	9/29/22	Special Drainage – Birch Road Culvert 2022	200,000	25,000	325,000	500,000
7/6/22	9/29/22	Carmel Sewer #5 2022	195,000	10,000	0	185,000
5/17/23	9/28/23	Road Resurfacing 2023	900,000	0	0	900,000
5/1/24	9/26/24	Special Drainage - Iquanna Car Wash 2024	0	0	200,000	200,000
5/1/24	9/26/24	Lead Service Line Project	0	0	787,000	787,000
			<u>\$5,623,000</u>	<u>\$865,000</u>	<u>\$1,330,400</u>	<u>\$6,088,400</u>

THE BONDS AND NOTES

Optional Redemption

The Bonds maturing on or before September 15, 2032 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after September 15, 2033 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after September 15, 2032, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The 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 prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by transmitting such notice to the registered owner not less than thirty (30) days nor more than sixty (60) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

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

Book-Entry-Only System

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal

debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

Principal and interest payments on the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 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 and note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

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

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND 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 NOTES.

NATURE OF OBLIGATION

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

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

The Bonds and 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 as required by the Constitution and laws of

the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town, subject to applicable statutory limitations.

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

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

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

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

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

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

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its Bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes.

In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

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

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

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the New York 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 (New York, Buffalo, Rochester, Syracuse, Yonkers (the latter four of which are affected indirectly by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

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

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

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 is not clear.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Bond and Note when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract

creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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

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

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

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

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

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

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature described below authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State

Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

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

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

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

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

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

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

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

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to FRB and does not reasonably anticipate doing so. School districts and fire districts are not eligible for FRB assistance.

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

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

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

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

RISK FACTORS

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

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Town's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also "State Aid" and "State Aid and COVID-19" herein.)

If and when a holder of any of the Bonds and the Notes should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds and the Notes. In addition, the price and principal value of the Bonds and the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond will decline, causing the bondholder to incur a potential capital loss if such bond is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and the Notes and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Bonds and the Notes (See "*Tax Matters*" herein).

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

Cybersecurity

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

LITIGATION

Litigation. Various notices of claims have been filed against the Town; allegations in these matters relate to circumstances of false arrest, malicious prosecution, violation of civil rights or property damage. The plaintiffs in most of these actions are seeking money damages, however, in certain instances injunctive relief is requested. In the opinion of the Town Attorney, except as otherwise noted, the existing insurance coverage adequately protects the Town against these various claims and the financial exposure, if any, is not material.

Risk Management. The Town purchases various insurance coverages to reduce its exposure to loss. The public officials and law enforcement policies provide coverage up to \$2 million for each policy. The general liability policy also covers up to \$2 million. In addition, the Town maintains an umbrella policy with a limit of \$10 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional medical and workers' compensation coverage.

Tax Certiorari Claims. The Town is a party to various tax certiorari proceedings instituted by various taxpayers under Article 7 of the Real Property Tax Law. In these actions, taxpayers have claimed that real property assessments as presently determined are excessive, unequal or unlawful. Such claims seek to have the property assessment reduced and, generally, request a refund for a portion of the taxes previously paid. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

The Town historically budgets to pay small tax certiorari claims from its General Fund Budget. The Town does however maintain an Assigned Reserve Fund Balance of \$1,170,000 that is used to fund larger tax certiorari obligations. Pursuant to the Local Finance Law, the Town may issue debt to finance tax refund payments only if necessary.

Administrative Proceedings. The Town is presently the subject of an investigation commenced by the United States Department of Justice concerning compliance with the provisions of the Americans with Disabilities Act at certain Town-owned facilities. No right to sue letter has been issued and the investigation has been ongoing for over nine years without any determination. In addition, there is currently one Notice of Violation filed by the New York State Department of Environmental Conservation in 2015 with respect to operations of the Carmel Sewer District #1 collection system. The violation remains in the compliance phase prior to scheduling of Administrative Hearings and will likely be addressed via consent order within 2024.

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, 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") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds and the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds and the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds or the Notes. Complete copies of the proposed forms of opinion of Bond Counsel are set forth in Appendices D, E & F hereto.

To the extent the issue price of any maturity of the Bonds and the Notes is less than the amount to be paid

at maturity of such Bonds and Notes (excluding amounts stated to be interest and payable at least annually over the term of such Bonds and Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds and Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds and the Notes is the first price at which a substantial amount of such maturity of the Bonds and the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds and the Notes accrues daily over the term to maturity of such Bonds and Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds and Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds and Notes. Owners of the Bonds and the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds and Notes in the original offering to the public at the first price at which a substantial amount of such Bonds or Notes is sold to the public.

Bonds and Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds and the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds and Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds and the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds and the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

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

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Bonds and Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds and the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and Notes are subject to the approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's respective opinion will be in substantially the form attached hereto as Appendices D and E.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Bonds

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the Town has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated September 12, 2024 of the Town relating to the Bonds under the headings "The Town", "Financial Factors", "Tax Information", "Town Indebtedness", "Litigation", and Appendices (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2024, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2022 such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following

receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) in a timely manner not in excess of ten business days, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

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

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

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

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

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

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

(3) in a timely manner, to EMMA, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Town reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town's obligations under its continuing disclosure undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that, the Town agrees that any such modification will be done in a manner consistent with the Rule.

An undertaking to provide continuing disclosure as described above shall be provided to the Underwriter at the closing.

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Town will provide an executed copy of its "Undertaking to Provide Notice of Certain Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

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

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

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

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

court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

With respect to events (xv) and (xvi) above, the term “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into 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). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

The Town’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Notes.

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

Compliance History

On August 20, 2024, The Town filed a failure to provide annual information relating to Housing Stock and Median Housing Values and Rents in addition to Median Household Income in its Annual Financial Information and Operating Data (“AUD”) for the fiscal years ending December 31, 2022 and 2023.

On August 9, 2024, simultaneous with the filing of its audited financial statement for the fiscal year ended December 31, 2023, the Town filed a material event notice on EMMA for the failure to file their audited financial statement for the fiscal year ended December 31, 2023 within sixty days of receipt by the Town.

On September 19, 2022, The Town filed a failure to provide annual information relating to Housing Stock and Median Housing Values and Rents in its Annual Financial Information and Operating Data (“AUD”) for the fiscal years ending December 31, 2020 and 2021. Also, the Town did not include information related to Median Household income in its AUD for the fiscal year ending December 31, 2021.

RATINGS

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

On August 31, 2022, Moody’s affirmed its “Aa1” rating on the Town’s outstanding, uninsured general obligation debt.

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

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, has served as the independent Municipal Advisor to the Town in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, 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 Notes.

MISCELLANEOUS

Additional information may be obtained from the Town's Comptroller, Mary Ann Maxwell, 60 McAlpin Avenue, Mahopac, New York 10541, (845) 628-1500 x. 175, e-mail: mam@ci.carmel.ny.us or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue – Suite 308, Great Neck, New York, 11021, (516) 570-0340.

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town 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", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will, or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, bond counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, 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.

Concurrently with the delivery of the Bonds, the Town will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did 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, subject to limitation as to information in the Official Statement obtained from sources other than the Town, as to which no representation can be made.

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

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

TOWN OF CARMEL
PUTNAM COUNTY, NEW YORK

By: /s/_____
Michael Cazzari
Supervisor and Chief Fiscal Officer

DATED: September __, 2024

APPENDIX A

THE TOWN

THE TOWN

There follows in this document a brief description of the Town together with certain information concerning its governmental organization, economy, indebtedness, and finances.

General Information

The Town encompasses approximately 36 square miles and is located in the south-central portion of the County 35 miles north of New York City. The Town is a suburban community and is primarily residential in nature.

The Town's per-capita money income was \$51,526 in 2022 which was slightly less than the level for all County residents and 9% higher than the per-capita income for persons living in the State. The Putnam Hospital Center is the largest employer in the Town (and the County) with 900 employees. Many residents commute to jobs in Westchester County, which forms the Town's southern border, New York City, or nearby Connecticut. The County's average unemployment rate for 2023 was 2.8% and the average unemployment in the Town for 2023 was 3.1%.

Form of Government

The Town of Carmel was established in 1795 by the State as a separate political entity vested with independent taxing and debt authority. There are no incorporated villages situated within the Town's borders. The Town has portions of six independently governed school districts which rely on taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Real Property Tax Law. The Town is classified as a first-class town under the provisions of the Town Law. The primary effect of first-class status is to give greater flexibility to the way in which town government is organized and managed.

Elected and Appointed Officials

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

The Supervisor is the chief executive and chief fiscal officer of the Town and is elected for a two-year term of office with the right to succeed himself. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. Duties of the Supervisor include: the administration of the Town's daily functions, budget preparation and control, and debt management.

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

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

The Town Comptroller, who is the chief accounting officer, is appointed by the Town Board, and serves at its pleasure. Duties and responsibilities of this position include: maintaining the Town's accounting systems and records, preparing the annual report to be filed with the State Comptroller, water billing and auditing vendor claims for payment.

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

Services and Programs

The Town is responsible for providing most of the government services to its residents. Water, sewer, lighting, parks, ambulance and fire protection services are furnished by various special districts which have been formed within the Town. Education is provided by six central school districts which are as follows: Brewster, Carmel, Lakeland, Mahopac, North Salem and Putnam Valley (each district is independent of the Town and has separate taxing and debt authority). Highway construction and the maintenance of roads is also a Town function. In addition, recreation is provided and parks are maintained through the Town government. Other services performed at the Town level include police protection, justice courts, property assessment, zoning administration and planning.

The County is responsible for providing social and mental health services to residents of the Town.

Employees

The Town employs approximately 277 full-time and part-time workers. Certain employees are represented by the following collective bargaining organizations.

	<u>Members</u>	<u>Contract Expiration</u>
Civil Service Employees Assoc.	37	12-31-26
Police Benevolent Assoc.	32	12-31-29
International Brotherhood of Teamsters	35	12-31-26
Exempt-Managerial/Elected	23	N/A

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

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years.

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit.

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Town generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2023 for the current year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town does not currently amortize any pension payments.

For the State Fiscal Year 2022-2023, the average contribution rates decreased. ERS decreased from 16.2% of payroll to 11.6% and the average contribution rate for PFRS decreased from 28.3% to 27.0% of payroll. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The Town pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

ERS and PFRS Contributions. The current retirement expenditures presented in the Town's financial statements for each of the last five years and the amounts budgeted for the current fiscal year are shown in the following table:

Fiscal Year Ended December 31:	ERS	PFRS
2019	\$990,138	\$985,857
2020	1,016,935	969,149
2021	1,176,856	1,225,982
2022	870,270	1,087,584
2023	979,644	1,112,575
2024 (Budget)	1,269,649	1,308,325

Other Post Employment Benefits

The Town implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The Town’s total OPEB liability as of December 31, 2023 was \$72,970,646 using a discount rate of 4.00% and actuarial assumptions and other inputs as described in the Town’s December 31, 2023 audited financial statements.

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

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

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

FINANCIAL FACTORS

COVID-19 Stimulus and Uses

On March 11, 2021, the federal government signed into law The American Rescue Plan (ARP) that addresses issues related to the ongoing COVID-19 pandemic. The ARP Act also creates new programs to address continuing pandemic-related crisis and fund recovery efforts. It provides significant funding to local governments and school districts in NYS.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The Town has been allocated \$3,498,040.77 which was received in two tranches of \$1,749,020.38 in the Summers of 2021 and 2022. The Town is required to file an annual Project & Expenditure Report which was filed on 4/29/2022, 4/18/2023 and 4/24/2024. The funds must all be committed by December 31, 2024, and expended by December 31, 2026.

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

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

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

The most current applicable report, for 2022, of the State Comptroller designates the Town as "No Designation," with a fiscal score of 0.0% and an environmental score of 16.7%.

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

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on April 3, 2020. The objective of the audit was to determine whether Town officials procured goods and services according to the purchasing policy and General Municipal Law (GML). The complete report can be obtained from OSC's website.

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

Budgetary Procedure

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before September 20th. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately

following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Comptroller. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

A summary of the 2023 and 2024 budgets are presented in Appendix B.

Independent Audits

The Town retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2023. Appendix B, attached hereto, presents excerpts from the Town's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the 2023 fiscal year end audit.

In addition, the Town is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. (See "*The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews*" herein.)

Investment Policy

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

Authorized Investments. The Town has designated any commercial bank authorized to do business in the State of New York as an official depository for Town funds and investments. The Town is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Town is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Town include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Town (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Town, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Town may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse repurchase agreements are not allowed under State law.

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

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

An eligible irrevocable letter or credit may be issued, in favor of the Town, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

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

Revenues

The Town derives its revenues, primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2019-2023 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Town’s audited financial reports, however, such presentation has not been audited.

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 73.6% of total audited general fund and other governmental funds revenues for the fiscal year ended December 31, 2023.

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the amount budgeted for the current fiscal year.

Fund Revenues & Real Property Taxes⁽¹⁾			
Fiscal Year Ended	Total	Real	Taxes to
December 31:	Revenues	Property Taxes	Revenues
2019	\$20,884,251	\$15,705,588	75.2%
2020	21,267,196	16,124,120	75.8
2021	22,569,533	15,950,900	70.7
2022	22,341,154	15,947,995	71.4
2023	22,128,630	16,296,991	73.6
2024 (Budget)	23,312,612	17,085,880	73.3

(1) General Fund, exclusive of other financing sources.
Source: Audited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

State Aid. The Town receives financial assistance from the State. State Aid accounted for approximately 4.5% of the total audited general fund revenues of the Town in the 2023 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should

not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse affect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “RISK FACTORS,” herein.)

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the amount budgeted for the current fiscal year.

<u>Fund Revenues & State Aid Revenues⁽¹⁾</u>			
<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2019	\$20,884,251	\$1,195,135	5.7%
2020	21,267,196	1,563,539	7.3
2021	22,569,533	2,296,591	10.2
2022	22,341,156	1,754,634	7.9
2023	22,128,630	1,000,311	4.5
2024 (Budget)	23,312,612	1,071,362	4.6

(1) General Fund.
Source: Audited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

State Aid

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

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

The State’s 2021-22 Enacted Budget provided \$10.8 billion in State funding to local governments. This funding available for use over multiple years, is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services.

The Aid and Incentives for Municipalities (“AIM”) program provides State aid to all of the State’s cities (other than New York City), and 141 towns and villages. AIM was funded at \$656.1 million in the 2021-22 Enacted State Budget.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

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

REAL PROPERTY TAXES

The Town derives its power to levy an ad valorem real property tax from the Constitution of the State. The Town is responsible for levying taxes for the Town and special district operating purposes and for debt service. (See “*Tax Levy Limitation Law*” herein.)

Real Property Taxes, Assessments and Rates

The following table shows the trend during the last five years for real property tax and assessment levies and general-purpose tax rates.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town Tax Levy:					
General & Highway	\$24,438,997	\$24,405,122	\$24,494,479	\$24,756,886	\$25,424,382
Special Districts (incl. Fire Districts)	13,798,366	\$14,688,664	\$16,552,059	\$17,455,516	\$17,858,589
County Tax Levy ⁽¹⁾	19,001,722	\$19,499,450	\$19,434,036	\$19,139,252	\$19,071,404
Tax Rates ⁽²⁾ :					
Town Tax	\$5.01	\$5.05	\$4.86	\$4.72	\$4.41
County Tax	3.09	3.09	3.03	3.02	2.76
School (Range) ⁽³⁾	21/30	20/29	20/28	19/27	18/24

(1) Excludes re-levied school taxes.

(2) Tax rate per \$1,000 A.V. for general town purposes, special districts are not included.

(3) For school taxes due September 1 of preceding year.

Tax Collection Procedures

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State. Towns in the County are responsible to assess all real property within their boundaries and to collect real property taxes and assessments, including those for school district and County purposes, during the times prescribed by law.

Although the Town collects County and school taxes, it is the responsibility of the County to guarantee both Town and school district taxes and enforce the collection thereof. The Town retains the first moneys collected on the combined Town and County tax bills and therefore receives 100% of its levy. School taxes are paid over to schools only as collected by the Town. Unpaid school taxes are the County's responsibility.

Town and County real property taxes as well as Town special district assessments are levied on January 1 and become a lien against the property on this date. Tax bills include all taxes and assessments due to the Town and County.

Pursuant to the Real Property Tax Law, taxes and assessments are due on January 1 and may be paid, without interest, at any time during the month of January. Payments received after January 31 must include interest at a rate of 1% per month. Taxpayers may elect to pay their taxes in two installments by paying 50% of the total tax due on or before January 31. The second installment may be paid to the Town on any date prior to August 1 with interest at 1% per month from February 1.

The Town collects all taxes (both installment and non-installment from January 1 until April 1 (Statutory date which historically has been extended by the County to May 1). During this time, the Town retains the first moneys to satisfy its own levy and thereafter remits all tax collections to the County. The Town transmits a list of wholly unpaid taxes to County on or about April 1. Accrued interest on such wholly unpaid taxes is deducted by the Town from moneys otherwise payable to the County. A 5% penalty is added to such taxes by the County, which collects these taxes with interest computed at 1% per month from February 1. The Town continues to collect the second installment through July 31. Because the Town's levy is usually satisfied by February or March, these taxes are held and periodically paid over to the County. A listing of unpaid second installments together with the tax rolls are transmitted to the County shortly after July 31. The County adds a 5% penalty to unpaid installment taxes and continues to collect these and wholly unpaid taxes until the tax sale. Such tax sale is generally held in December of each year.

The Town also collects school taxes on behalf of three of the six districts located within its boundaries. However, the County guarantees unpaid school taxes and enforces the payment thereof. School taxes are due and payable on September 1 and may be paid in two installments if 50% of the total tax plus 2% interest is paid on or before September 15. Payments made after September 15 must include the full amount of the tax and applicable interest, if any. School taxes may be paid in full without interest on or before September 30. During the month of October, interest at 2% per annum is added to all payments. All unpaid school taxes, as of November 1, and the tax rolls are turned over to County. The County pays each school district the full amount of its unpaid taxes and thereafter collects the second installment of school taxes. Ultimately, unpaid school taxes are enforced by the County in the same manner as any other real property tax.

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the Town's larger taxpayers as listed on the 2023 tax roll for 2024 taxes.

**Larger Taxable Properties in the Town
2024 Taxes**

<u>Taxpayer's Name</u>	<u>Nature Of Business</u>	<u>Assessed Valuation</u>	<u>% Of Total Assessed Valuation ⁽¹⁾</u>
New York City Department of Water	City Reservoir System	\$369,201,824	6.01%
Energy East (NYSEG)	Public Utility	69,497,615	1.13
Putnam Plaza, LLC	Shopping Center	19,425,200	0.32
Mahopac Improvements LLC	Shopping Center/Bank Branch	16,970,400	0.28
Ossi Sport Club	Sports Club	16,066,800	0.26
Verizon ⁽²⁾	Public Utility	14,982,365	0.24
HRE Properties (Shoprite)	Shopping Center	14,430,100	0.23
Central Hudson Gas & Electronic	Public Utility	14,348,183	0.23
Mahopac Drive in Theatre	Shopping Center	10,270,300	0.17
Liberty Health Care of New York, Inc.	Health Facility	8,896,700	0.14
		<u>\$554,089,487</u>	<u>9.01%</u>

(1) Taxable assessed valuations of the Town for 2024 is \$6,147,094,873.

(2) Taxpayer has outstanding tax certiorari claims for one or more years (see "LITIGATION" for a general discussion of these matters).

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town, subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Tax Services (the "ORPTS"). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

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

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

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedure for the validation of the bond resolution adopted in connection with this issuance.

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

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

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

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

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Town, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Town is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See "Debt Limit" under "*Constitutional Requirements*" herein. See also "*Tax Levy Limitation Law*").

The Town determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for Town purposes.

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Town, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Town is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (see "*Constitutional Requirements*" herein).

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

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

**Computation of Constitutional
Debt Contracting Limitation
As of December 31, 2023**

Assessment Roll Filed	Year Ending December 31:	Taxable Assessed Valuation	State Equalization Rate (1)	Full Valuation
2019	2020	\$5,011,973,654	100.00%	\$5,011,973,654
2020	2021	5,172,936,133	100.00	5,172,936,133
2021	2022	5,602,713,046	100.00	5,602,713,046
2022	2023	6,147,748,816	100.00	6,147,748,816
2023	2024	6,147,094,873	100.00	6,147,094,873
Total Five-Year Full Valuation				<u>\$28,082,466,522</u>
Five-Year Average Full Valuation				<u>5,616,493,304</u>
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				<u><u>\$ 393,154,531</u></u>

(1) ORPTS.

**Statement of Debt Contracting Power
As of August 27, 2024**

	Amount	Percentage
Debt Contracting Limitation	<u>\$393,154,531</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds	18,810,000	4.78
Bond Anticipation Notes ⁽¹⁾	<u>14,841,000</u>	<u>3.77</u>
Total Gross Indebtedness	<u>\$33,651,000</u>	<u>8.56</u>
Less Exclusions and Deductions:		
Appropriations for Non-Exempt Debt	1,161,589	0.30
Water Indebtedness ⁽²⁾	<u>16,906,194</u>	<u>4.30</u>
Total Exclusions	<u>\$18,067,783</u>	<u>4.60</u>
Net Indebtedness	<u>\$15,583,217</u>	<u>3.96</u>
Debt Contracting Margin	<u><u>\$377,571,314</u></u>	<u><u>96.04</u></u>

(1) To be redeemed by the Bonds and the Notes (see "Authority for and Purpose of the Bonds" and "Authority for and Purpose of the Notes").

(2) Exempt pursuant to State Constitution.

Short-Term Indebtedness

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

Capital Purposes. Bond anticipation notes may be sold to provide moneys for capital projects once an enabling bond resolution has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years in most cases. Such notes may not be renewed after the second year, unless there is a principal payment on the notes from a source other than the proceeds of bonds. In no event, may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued. Capital notes may be issued to finance any capital purposes; the term for capital notes is generally limited to two years. The following table shows the amount of bond anticipation notes outstanding at the end of the last five years.

Short-Term Indebtedness Outstanding December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bond Anticipation Notes	<u>\$12,360,000</u>	<u>\$9,702,948</u>	<u>\$13,669,400</u>	<u>\$14,893,000</u>	<u>\$14,841,000</u>

Source: Audited financial statements of the Town. Table itself not audited.

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

Trend of Capital Debt

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

Bonded Debt
Fiscal Year Ended December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonded Indebtedness	<u>\$19,208,000</u>	<u>\$22,490,000</u>	<u>\$20,590,000</u>	<u>\$21,100,000</u>	<u>\$19,295,000</u>
Total Outstanding Indebtedness	<u>\$31,568,000</u>	<u>\$32,192,948</u>	<u>\$32,192,948</u>	<u>\$35,993,000</u>	<u>\$34,136,000</u>

Source: Audited financial statements of the Town.

Overlapping Debt

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

Direct and Overlapping Indebtedness
As of August 27, 2024

Gross Direct Indebtedness	\$ 33,651,000
Exclusions and Deductions	<u>18,067,783</u>
Net Direct Indebtedness	<u>\$ 15,583,217</u>

<u>Overlapping Units</u>	<u>Date Of Report</u>	<u>Net Overlapping Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County	06/28/2024	\$34,010,000	33.90%	\$11,529,390
School Districts				
Brewster	1/24/2024	32,100,000	0.85	272,850
Carmel	12/1/2023	23,760,000	28.80	6,842,880
Lakeland	7/24/24	16,456,800	3.69	607,256
Mahopac	7/2/24	50,444,100	95.50	48,174,116
North Salem	5/16/24	15,614,021	3.94	615,192
Putnam Valley	12/21/2023	13,839,611	0.35	<u>48,439</u>
				<u><u>\$68,090,122</u></u>

Debt Ratios

The following table presents certain ratios relative to the Town's capital indebtedness.

Direct and Overlapping Debt Ratios
As of August 27, 2024

	<u>Amount</u>	<u>Debt Per-Capita ⁽¹⁾</u>	<u>Debt To Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$15,583,217	\$ 460	0.25%
Net Direct and Overlapping Debt	83,673,339	2,470	1.36

- (1) The population of the Town according to the U.S. Census Bureau estimated data 2023 is 33,879.
(2) Full valuation for 2024 is \$6,147,094,873.

Authorized but Unissued Debt

The Town currently has no authorized but unissued debt.

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Debt Service Schedule

The following table shows the debt service requirements to maturity on the Town's outstanding general obligation bonds.

Years Ending Dec. 31:	Outstanding Bonds:			Cumulative % Principal
	Principal Payment	Interest Payment	Total Debt Service	
2024 ⁽¹⁾	\$1,750,000	\$671,379	\$2,421,379	9.07%
2025	1,800,000	600,593	2,400,593	18.40
2026	1,855,000	526,771	2,381,771	28.01
2027	1,550,000	458,573	2,008,573	36.05
2028	1,375,000	395,855	1,770,855	43.17
2029	1,425,000	341,917	1,766,917	50.56
2030	1,470,000	291,366	1,761,366	58.18
2031	1,205,000	241,595	1,446,595	64.42
2032	1,235,000	200,293	1,435,293	70.82
2033	1,230,000	160,027	1,390,027	77.20
2034	885,000	121,580	1,006,580	81.78
2035	655,000	93,532	748,532	85.18
2036	675,000	74,615	749,615	88.68
2037	690,000	54,971	744,971	92.25
2038	705,000	34,701	739,701	95.91
2039	520,000	18,106	538,106	98.60
2040	270,000	5,400	275,400	100.00
	<u>\$19,295,000</u>	<u>\$4,261,273</u>	<u>\$23,586,273</u>	

(1) For entire fiscal year.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	<u>Population</u>			<u>% Change</u>	
	<u>2010</u>	<u>2020</u>	<u>2023</u>	<u>2010-2020</u>	<u>2020-2023</u>
Town	34,305	33,576	33,879	(2.1)%	0.9%
County	99,710	97,668	98,060	(2.0)	0.4
State	19,378,102	20,201,249	19,571,216	4.2	(3.1)

Source: U.S. Bureau of the Census

Housing Data

Housing Stock 2010-2023

	Number of Units			% Change	
	2010	2020	2023	2010-2020	2020-2023
Town	12,348	12,984	n/a	9.4%	2.9%
County	38,224	38,333	38,568	0.3	0.6
State	8,108,103	8,497,884	8,631,525	4.8	1.6

Source: U.S. Department of Commerce, Bureau of the Census.

Median Housing Values and Rents 2022

	Median Value Owner Occupied Units	Median Rents Renter Occupied Units
	Town	\$450,600
County	421,800	1,691
State	384,100	1,507

Source: U.S. Department of Commerce, Bureau of the Census, 2018-2022 American Community Survey.

Income

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

Per Capita Money Income

	2010	2020	2022	% Change	
				2010-2020	2020-2022
Town	\$39,060	\$47,214	\$51,526	20.8%	9.1%
County	37,915	47,533	53,105	25.4	11.7
State	30,948	40,898	47,173	32.2	15.3

Source: U.S. Bureau of the Census

Median Household Income 2022

Median Income	Income Groups - % of Households					
	Under \$25,000	\$25,000 -49,999	\$50,000 -74,999	\$75,000 -99,999	\$100,000 Or More	
Town	\$127,230	6.6%	10.1%	10.4%	11.5%	61.5%
County	120,970	8.0	11.0	11.7	10.5	58.7
State	81,386	16.8	15.9	14.1	11.5	41.7

Source: U.S. Department of Commerce, Bureau of the Census, 2018-2022 American Community Survey.

Employment

The following section presents various employment statistics including job types, unemployment rates and major employers. Certain tables provide data for the County as a whole and, as such, do not necessarily represent conditions in the Town.

**Average Employed Civilian Labor Force
2010 - 2023**

	2010	2020	2023	% Change	
				2010-2020	2020-2023
Town	16,700	16,000	18,100	(4.2)%	13.1%
County	48,800	46,300	51,592	(5.1)	11.4
State	8,769,700	8,361,000	9,717,775	(4.7)	16.2

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2019	3.5%	3.5%	3.9%
2020	7.6	7.2	9.8
2021	4.4	4.2	7.1
2022	3.0	3.0	4.3
2023	3.1	3.1	4.2
2024			
Jan	3.5	3.5	4.3
Feb	3.6	3.7	4.5
Mar	3.3	3.5	4.2
Apr	3.1	3.1	3.9
May	3.4	3.4	4.2
Jun	3.3	3.3	4.3

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

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

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Carmel Central School District	Public Education	864
Putnam County	County Government	851
Mahopac Central School District	Public Education	832
Brewster Central School District	Public Education	800
Putnam Valley Central School District	Public Education	343
Haldane Central School District	Public Education	197
Town of Carmel	Town Government	140
Town of Kent	Town Government	108
Town of Patterson	Town Government	98
Town of Putnam Valley	Town Government	79

Source: Putnam County Continuing Disclosure Statement June 29, 2023.

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

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees ⁽¹⁾</u>
Putnam Hospital Center	Health Services	650
Green Chimneys	Services	525
Ace Endico	Food Service & Retail	502
Putnam Precision Products, Inc.	Manufacturing	377
The ARC of Mid-Hudson	Services	375
Arms Acres, Inc.	Services	312
Hudson Valley Cerebral Palsy Assoc	Services	260
Home Depot	Retail	255
Big V ShopRite Supermarket	Retail	242
Optum Medical Services PC	Health Services	230

(1) May not reflect downsizings due to Covid-19 as of this date.

Source: Putnam County Continuing Disclosure Statement June 29, 2023.

Financial Institutions

Various banking facilities are available in the Town and adjacent areas. Many of the State's major commercial banks have branch offices located in the area. TD Bank, N.A., Key Bank, Provident Bank, the Putnam County National Bank, Hudson City Savings Bank, the Putnam County Savings Bank and Wells Fargo, N.A. are all located within the Town.

Transportation

The Town is served by all major forms of transportation. Highway facilities include U.S. Route 6, and Taconic Parkway (generally limited to passenger vehicles) running through the Town while Interstate 84 and 684 are nearby. Commuter rail transportation is provided by the Harlem Division of the Metropolitan Transportation Authority. Freight rail service is provided by Conrail. Domestic and international airline service is available at the New York airports (LaGuardia Airport, Newark Airport and Kennedy International Airport) which are located within one hour traveling time. Additional air service is available at the Westchester County Airport situated 30 miles south of the Town and Stewart International Airport located about 40 minutes away in Newburgh, New York.

Utilities

Energy East (formerly New York Electric & Gas), CH Energy Group Gas and Electric and Verizon provide residents with basic utilities. Verizon also provides internet and cable services to Town residents. Cablevision provides cable, internet and telephone services over its lines. Water and sewer service is comprised of largely municipal systems provided through special districts of the Town.

Economic Development

The Alexandrion Group based in Romania has selected Carmel, NY to operate their first U.S. based distillery. They are reportedly investing \$100 million in constructing/building their new facility. The initial startup is in the process of finalizing the contractors for the construction of the Distillery and is expected to employ 150 people from the local area. The proposed plan includes providing tours of the facility, along with a restaurant and tasting room. The new distillery is expected provide a significant economic and commercial development tax base for the Town and County as a whole.

END OF APPENDIX A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS
(Summary itself is not audited)

**TOWN OF CARMEL
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

	2019	2020	2021	2022	2023
ASSETS					
Cash	\$ 8,402,382	\$ 8,993,272	\$ 12,290,418	\$ 14,704,871	\$ 14,424,610
Investments	1,206,854	1,209,275	1,210,485	1,210,848	0
Cash Special Reserves	0	0	0	0	1,211,639
Other Receivables:					
Accounts	343,930	324,917	373,698	346,621	445,085
State and Federal Aid	381,118	589,955	716,209	435,659	0
Due From Other Funds	0	0	0	0	0
Due From Other Governments	0	0	0	0	266,191
Prepaid Expenditures	382,894	383,078	465,418	412,835	434,692
Total Assets	\$ 10,717,178	\$ 11,500,497	\$ 15,056,228	\$ 17,110,834	\$ 16,782,217
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 259,021	\$ 276,185	\$ 261,692	\$ 210,468	\$ 295,901
Accrued Liabilities	64,168	78,571	71,435	64,683	233,816
Other Liabilities	0	0	0	0	3,369,358
Due To Other Governments	0	0	0	0	0
Due To Other Funds	0	0	0	0	0
Unearned Revenues	25,894	20,125	1,784,230	3,532,070	0
Deferred Inflows	0	0	0	0	0
Deposits Payable	493,399	538,026	510,472	528,839	577,444
Total Liabilities	842,482	912,907	2,627,829	4,336,060	4,476,519
Fund Balance:					
Nonspendable	382,894	383,078	465,418	412,835	434,692
Restricted	2,015,000	2,015,000	2,015,000	1,900,000	2,050,000
Committed	2,550,000	3,375,197	4,527,560	4,950,263	4,932,488
Assigned	1,977,344	1,301,574	1,869,271	1,796,203	1,894,952
Unassigned	2,949,458	3,512,741	3,551,150	3,715,473	2,993,565
Total Fund Balance	9,874,696	10,587,590	12,428,399	12,774,774	12,305,697
Total Liabilities and Fund Balance	\$ 10,717,178	\$ 11,500,497	\$ 15,056,228	\$ 17,110,834	\$ 16,782,216

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**TOWN OF CARMEL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

	2019	2020	2021	2022	2023
REVENUES:					
Real Property Taxes	\$ 15,705,588	\$ 16,124,120	\$ 15,950,900	\$ 15,947,995	\$ 16,296,991
Other Tax Items	141,367	121,040	109,175	110,966	103,856
Non-Property Taxes	771,776	746,488	734,110	709,880	699,538
Departmental Income	1,471,543	1,296,152	1,590,614	1,774,120	1,772,939
Intergovernmental Charges	0	0	0	0	0
Use Of Money And Property	192,563	114,739	82,256	147,256	482,799
Licenses and Permits	711,843	586,961	983,493	1,175,200	891,871
Fines and Forfeitures	128,842	55,492	148,245	140,403	93,986
Sale Of Property And Compensation For Loss	191,224	99,283	122,281	40,846	108,074
Interfund Revenue	91,981	91,130	88,721	81,334	92,021
State Aid	1,195,135	1,563,539	2,296,591	1,754,634	1,000,311
Federal Aid	0	10,417	8,579	88,233	227,748
Miscellaneous	282,389	457,835	454,568	370,289	358,498
Total Revenues	20,884,251	21,267,196	22,569,533	22,341,156	22,128,632
EXPENDITURES:					
Other Liabilities					
Current:					
General Government Support	5,747,663	5,491,313	5,610,137	5,935,695	6,185,481
Public Safety	10,178,199	10,463,632	10,333,355	11,534,245	12,071,795
Health	18,188	39,123	24,222	22,998	22,500
Transportation	679,749	691,720	761,771	806,992	851,233
Culture And Recreation	1,564,038	1,451,123	1,798,040	2,095,825	1,959,954
Home And Community	384,577	506,312	485,699	434,026	445,986
Employee Benefits	0	0	0	0	0
Total Expenditures	18,572,414	18,643,223	19,013,224	20,829,781	21,536,949
	0				
Excess of Revenues Over Expenditures	2,311,837	2,623,973	3,556,309	1,511,375	591,683
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	0	20,000	20,000	30,000
Operating Transfers - Out (a)	(1,434,200)	(1,911,079)	(1,735,500)	(1,185,000)	(1,090,768)
Total Other Financing Sources (Uses)	(1,434,200)	(1,911,079)	(1,715,500)	(1,165,000)	(1,060,768)
Net Change in Fund Balance	877,637	712,894	1,840,809	346,375	(469,085)
Fund Balance - Beginning of Year	8,997,059	9,874,696	10,587,590	12,428,399	12,774,770
Fund Balance - End of Year	\$ 9,874,696	\$ 10,587,590	\$ 12,428,399	\$ 12,774,774	\$ 12,305,685

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TOWN OF CARMEL
SPECIAL REVENUE FUNDS⁽¹⁾
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2019	2020	2021	2022	2023
ASSETS					
Cash	\$ 9,550,717	\$ 9,508,101	\$ 9,380,284	\$ 9,811,512	\$ 10,704,787
Investments	7,339,166	8,352,321	9,580,491	8,323,871	9,685,438
Cash Special Reserves	0	0	0	0	0
Receivables:					
Accounts	423,876	440,779	437,160	456,642	552,023
Water and Sewer Rents	257,828	231,557	242,330	278,163	282,148
Due From Other Funds	0	0	0	0	0
Due From Other Governments	363,347	340,255	209,142	196,634	217,685
State and Federal Aid	180,537	6,337	671,647	0	281,688
Prepaid Expenditures	126,725	127,561	135,350	88,225	106,250
Total Assets	\$ 18,242,196	\$ 19,006,911	\$ 20,656,404	\$ 19,155,047	\$ 21,830,019
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 1,304,193	\$ 1,139,805	\$ 1,075,588	\$ 1,184,369	\$ 1,116,105
Accrued Liabilities	83,496	93,473	50,822	47,210	24,597
Other Liabilities	0	0	0	0	0
Due To Other Funds	0	0	0	0	0
Deferred Inflows	0	0	0	0	4,424
Total Liabilities	1,387,689	1,233,278	1,126,410	1,231,579	1,145,126
Fund Balance:					
Nonspendable	126,725	127,561	135,350	88,225	106,250
Restricted	10,048,838	11,715,574	12,855,389	11,652,587	13,685,245
Committed	0	72,230	82,230	92,230	152,230
Assigned	6,678,944	5,858,268	6,457,025	6,090,426	6,741,168
Total Fund Balance	16,854,507	17,773,633	19,529,994	17,923,468	20,684,893
Total Liabilities and Fund Balance	\$ 18,242,196	\$ 19,006,911	\$ 20,656,404	\$ 19,155,047	\$ 21,830,019

(1) Statement includes the following funds: Highway and Special Districts Fund which includes the following districts: Fire Protection, Park, Lighting, Sewer, Water, Garbage and A

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TOWN OF CARMEL
SPECIAL REVENUE FUNDS⁽¹⁾
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

YEARS ENDED DECEMBER 31:

	2019	2020	2021	2022	2023
REVENUES:					
Real Property Taxes	\$ 19,825,998	\$ 20,470,603	\$ 21,544,316	\$ 23,484,250	\$ 24,277,699
Other Tax Items	41,474	42,668	44,963	53,841	58,667
Departmental Income	1,798,367	1,851,744	1,982,904	1,929,966	1,857,677
Intergovernmental Charges	0	0	0	0	0
Use Of Money And Property	1,291,332	987,235	1,154,417	(1,295,019)	1,612,173
License and Permits	0	0	0	0	0
Sale Of Property And	0	0	0	0	0
Compensation For Loss	133,041	160,124	159,959	227,714	168,695
State Aid	225,305	548,815	656,638	668,404	703,297
Federal Aid	0	0	0	592,059	0
Miscellaneous	962,903	954,358	947,936	1,518,596	1,670,281
Total Revenues	24,278,420	25,015,547	26,491,133	27,179,811	30,348,489
EXPENDITURES:					
Current:					
Public Safety	3,459,429	3,527,972	3,657,798	3,854,614	3,992,496
Other Liabilities	0	0	0	0	0
Health	224,419	255,962	293,590	305,422	564,224
Transportation	7,882,526	6,827,200	7,595,852	9,162,275	7,850,567
Culture And Recreation	200,760	230,380	236,614	234,829	220,355
Employee Benefits	0	0	0	0	0
Home And Community Services	8,765,101	10,779,032	10,512,928	13,327,507	12,906,072
Total Expenditures	20,532,235	21,620,546	22,296,782	26,884,647	25,533,714
Excess of Revenues Over Expenditures	3,746,185	3,395,001	4,194,351	295,164	4,814,775
OTHER FINANCING SOURCES (USES):					
Transfers - In	912,630	1,125,935	1,154,235	1,202,235	1,351,920
Transfers - Out	(3,062,340)	(3,601,810)	(3,592,225)	(3,103,925)	(3,405,270)
Total Other Financing Sources (Uses)	(2,149,710)	(2,475,875)	(2,437,990)	(1,901,690)	(2,053,350)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,596,475	919,126	1,756,361	(1,606,526)	2,761,425
Cumulative Effect of Change					
(1) Unaudited					
Fund Balances - Beginning of Year	15,258,032	16,854,507	17,773,633	19,529,994	17,923,468
Fund Balances - End of Year	\$ 16,854,507	\$ 17,773,633	\$ 19,529,994	\$ 17,923,468	\$ 20,684,893

(1) Statement includes the following funds: Highway and Special Districts Fund which includes the following districts: Fire Protection, Park, Lighting, Sewer, Water, Garbage and Ambulance.

(2) Unaudited

The financial data presented on this page has been excerpted from the audited financial statements of the Town.

Such presentation however has not been audited.

Complete copies of the Town's audited financial statements are available upon request to the Town.

**TOWN OF CARMEL
2023 OPERATING BUDGET**

	General Fund	Highway Fund	Debt Service	Water Districts	Lighting Districts	Sewer Districts	Ambulance District No. 1	Fire Protection Districts	Park Districts	Reed Memorial Library	Garbage District	Totals
ESTIMATED REVENUES:												
Real Property Taxes And Assessments	\$ 16,296,993	\$ 8,459,895	\$ 0	\$ 3,211,716	\$ 108,849	\$ 0	\$ 249,700	\$ 4,755,106	\$ 321,730	\$ 312,153	\$ 4,906,000	\$ 33,403,989
Real Property Tax Items	122,250	0	0	37,287	0	2,682,461	0	0	0	0	0	2,841,998
Non-Property Tax Items	760,000	0	0	0	0	0	0	0	0	0	0	760,000
Departmental Income	661,320	0	0	1,853,760	0	0	0	0	3,000	0	0	2,518,080
Cash Special Reserves												0
Intergovernmental Services	970,000	20,000	0		0	0	0	0	0	0	0	990,000
Use Of Money And Property	153,000	37,000	155,000	14,374	736	56,889	1,200	1,660	2,210	0	7,000	422,069
Licenses And Permits	948,000	0	0	0	0	0	0	0	0	0	0	948,000
Fines And Forfeitures	150,000	0	0	0	0	0	0	0	0	0	0	150,000
Due From Other Governments												0
Sale Of Property And Compensation For Loss	5,100	40,000	0	5,700	0	500	0	0	0	0	0	51,300
Interfund Revenues	80,000	0	0		0	0	0	0	0	0	0	80,000
State Aid	1,511,362	663,175	0	0	0	0	0	0	0	0	0	2,174,537
Federal Aid	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	322,000	145,500	0	1,000	0	1,050,500	0	0	0	0	0	1,519,000
Total Estimated Revenues	21,980,025	9,365,570	155,000	5,123,837	109,585	3,790,350	250,900	4,756,766	326,940	312,153	4,913,000	45,858,973
									379,940			
APPROPRIATIONS:												
Other Liabilities												0.0000
Current:												
General Government Support	\$ 6,313,586	0	4,000	0	0	0	0	0	0	0	0	6,317,586
Public Safety	11,694,371	0	0	0	0	0	0	0	0	0	0	11,694,371
Health	24,260	0	0	0	0	0	511,200	3,923,766	0	0	0	4,459,226
Transportation	849,223	5,957,968	0	0	127,585	0	0	0	0	0	0	6,934,776
Economic Assistance And Opportunity	0	0	0	0	0	0	0	0	0	0	0	0
Culture And Recreation	2,256,948	0	0	0	0	0	0	0	304,440	312,153	0	2,561,388
Home And Community Services	491,637	0	0	4,382,487	0	4,353,000	0	0	0	0	4,973,000	9,227,124
Employee Benefits	0	2,517,602	0	0	0	0	19,700	648,000	0	0	0	3,185,302
Debt Service	0	0	761,000	0	0	0	0	0	0	0	0	761,000
Total Appropriations	21,630,025	8,475,570	765,000	4,382,487	127,585	4,353,000	530,900	4,571,766	304,440	312,153	4,973,000	45,140,773
Excess (Deficiency) Of Estimated Revenues Over Appropriations	350,000	890,000	(610,000)	741,350	(18,000)	(562,650)	(280,000)	185,000	22,500	0	(60,000)	718,200
OTHER FINANCING SOURCES (USES):												
Reserves	50,000	0	0	0	0	0	0	0	0	0	0	50,000
Operating Transfers - In	30,000	220,000	610,000	392,450	0	519,470	220,000	0	0	0	0	1,991,920
Operating Transfers - Out ⁽¹⁾	(830,000)	(1,110,000)	0	(1,283,800)	0	(213,820)	0	(220,000)	(75,500)	0	(20,000)	(3,733,120)
(1) Unaudited												
Total Other Financing Sources (Uses)	(750,000)	(890,000)	610,000	(891,350)	0	305,650	220,000	(220,000)	(75,500)	0	(20,000)	(1,741,200)
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Over Appropriations and Other Financing Uses	(400,000)	0	0	(150,000)	(18,000)	(257,000)	(60,000)	(35,000)	(53,000)	0	(80,000)	(973,000)
APPROPRIATED FUND BALANCE	\$ 400,000	\$ 0	\$ 0	\$ 150,000	\$ 18,000	\$ 257,000	\$ 60,000	\$ 35,000	\$ 53,000	\$ 0	\$ 80,000	\$ 973,000

(1) Includes transfers to debt service fund from the General Fund, Highway Fund, and Water Districts.

**TOWN OF CARMEL
2024 OPERATING BUDGET**

73.3

	General Fund	Highway Fund	Debt Service	Water Districts	Lighting Districts	Sewer Districts	Ambulance District No. 1	Fire Protection Districts	Park Districts	Reed Memorial Library	Garbage District	Totals
ESTIMATED REVENUES:												
Real Property Taxes And Assessments	\$ 17,085,880	\$ 8,338,507	\$ 709,335	\$ 3,266,453	\$ 103,849	\$ 2,785,400	\$ 262,700	\$ 4,834,998	\$ 331,730	\$ 342,396	\$ 5,062,000	\$ 37,718,852
Real Property Tax Items	123,950	0	4,695	0	0	0	0	0	0	0	0	128,645
Non-Property Tax Items	750,000	0	0	0	0	0	0	0	0	0	0	750,000
Departmental Income	751,320	0	0	2,234,074	0	1,500	0	0	3,000	0	0	2,989,894
Cash Special Reserves												0
Intergovernmental Services	1,050,000	25,000	0		0	0	0	0	0	0	0	1,075,000
Use Of Money And Property	315,000	67,000	173,326	24,079	4,446	60,860	2,500	10,060	6,120	0	23,000	663,391
Licenses And Permits	988,000	0	0	0	0	0	0	0	0	0	0	988,000
Fines And Forfeitures	155,100	0	0	0	0	0	0	0	0	0	0	155,100
Due From Other Governments												0
Sale Of Property And Compensation For Loss	0	60,000	0	0	0	0	0	0	0	0	0	60,000
Interfund Revenues	85,000	0	0		0	0	0	0	0	0	0	85,000
State Aid	1,071,362	703,274	0	0	0	0	0	0	0	0	0	1,774,636
Federal Aid	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	377,000	170,500	0	0	0	1,168,500	0	0	0	0	0	1,716,000
Total Estimated Revenues	22,752,612	9,364,281	887,356	5,524,606	108,295	4,016,260	265,200	4,845,058	340,850	342,396	5,085,000	48,104,518
APPROPRIATIONS:	\$22,792,612.00	136										
Other Liabilities	\$23,312,612.00											0.0000
Current:												
General Government Support	\$ 6,628,826	0	0	0	0	0	0	0	0	0	0	6,628,826
Public Safety	12,368,189	0	0	0	0	0	0	0	0	0	0	12,368,189
Health	24,275	0	0	0	0	0	524,700	4,034,058	0	0	0	4,583,033
Transportation	853,207	8,651,281	0	0	126,295	0	0	0	0	0	0	9,630,783
Economic Assistance And Opportunity	0	0	0	0	0	0	0	0	0	0	0	0
Culture And Recreation	2,305,895	0	0	0	0	0	0	0	414,350	342,396	0	2,720,245
Home And Community Services	460,220	0	0	4,282,856	0	4,605,060	0	0	0	0	5,105,000	9,348,136
Employee Benefits	0	0	0	0	0	0	20,500	632,000	0	0	0	652,500
Debt Service	0	925,000	4,057,706	0	0	0	0	0	0	0	0	4,982,706
Total Appropriations	22,640,612	9,576,281	4,057,706	4,282,856	126,295	4,605,060	545,200	4,666,058	414,350	342,396	5,105,000	50,914,418
Excess (Deficiency) Of Estimated Revenues Over Appropriations	112,000	(212,000)	(3,170,350)	1,241,750	(18,000)	(588,800)	(280,000)	179,000	(73,500)	0	(20,000)	(2,809,900)
OTHER FINANCING SOURCES (USES):												
Reserves	40,000	0	0	0	0	0	0	4,886,058	0	0	0	40,000
Operating Transfers - In	560,000	212,000	2,944,500	393,450	0	542,800	220,000	0	0	0	0	4,872,750
Operating Transfers - Out ⁽¹⁾	(712,000)	(1,110,000)	(317,300)	(1,824,950)	0	(225,500)	0	(220,000)	0	0	(20,000)	(4,409,750)
(1) Unaudited												
Total Other Financing Sources (Uses)	(112,000)	(898,000)	2,627,200	(1,431,500)	0	317,300	220,000	(220,000)	0	0	(20,000)	463,000
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Over Appropriations and Other Financing Uses	0	(1,110,000)	(543,150)	(189,750)	(18,000)	(271,500)	(60,000)	(41,000)	(73,500)	0	(40,000)	(2,306,900)
APPROPRIATED FUND BALANCE	\$ 0	\$ 1,110,000	\$ 543,150	\$ 189,750	\$ 18,000	\$ 271,500	\$ 60,000	\$ 41,000	\$ 73,500	\$ 0	\$ 40,000	\$ 2,306,900

(1) Includes transfers to debt service fund from the General Fund, Highway Fund, and Water Districts.

APPENDIX C

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023***

**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/P11803792.pdf>

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

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

APPENDIX D

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

September 26, 2024

Town of Carmel,
County of Putnam,
State of New York

Re: Town of Carmel, Putnam County, New York,
\$7,693,000 Public Improvement (Serial) Bonds, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$7,693,000 Public Improvement (Serial) Bonds, 2024 (the "Obligations"), of the Town of Carmel, Putnam County, New York (the "Obligor"), dated September 26, 2024, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ hundredths per centum (_____%) per annum as to bonds maturing in each of the years 20____ to 20____, both inclusive, payable on September 15, 2025 and semi-annually thereafter on March 1 and September 15, and maturing in the amount of \$ _____ on September 15, 2025, \$ _____ on September 15, 2026, \$ _____ on September 15, 2027, \$ _____ on September 15, 2028, \$ _____ on September 15, 2029, \$ _____ on September 15, 2030, \$ _____ on September 15, 2031, \$ _____ on September 15, 2032, \$ _____ on September 15, 2033, \$ _____ on September 15, 2034, \$ _____ on September 15, 2035, \$ _____ on September 15, 2036, \$ _____ on September 15, 2037, \$ _____ on September 15, 2038, \$ _____ on September 15, 2039, \$ _____ on September 15, 2040, \$ _____ on September 15, 2041, \$ _____ on September 15, 2042, \$ _____ on September 15, 2043, \$ _____ on September 15, 2044, \$ _____ on September 15, 2045, \$ _____ on September 15, 2046, \$ _____ on September 15, 2047, \$ _____ on September 15, 2048, \$ _____ on September 15, 2049, \$ _____ on September 15, 2050, \$ _____ on September 15, 2051, \$ _____ on September 15, 2052, \$ _____ on September 15, 2053, and \$ _____ on September 15, 2054.

Obligations maturing on or before September 15, 2032 are not subject to redemption prior to maturity. Obligations maturing on or after September 15, 2033 are subject to redemption prior to maturity, at the option of the Obligor on September 15, 2032 and thereafter on any date, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity selected by lot within a maturity), at a price equal to the par principal amount, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax

purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this

opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

/S/ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

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

September 26, 2024

Town of Carmel,
County of Putnam,
State of New York

Re: Town of Carmel, Putnam County, New York
\$6,088,400 Bond Anticipation Notes, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$6,088,400 Bond Anticipation Notes, 2024 (the "Obligation"), of the Town of Carmel, Putnam County, New York (the "Obligor"), dated September 26, 2024, numbered ____, of the denomination of \$6,088,400, bearing interest at the rate of _____% per annum, payable at maturity, and maturing September 26, 2025.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the

Obligation as the same respectively become due and payable. We have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Obligation by or on behalf of the Obligor and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP