

NEW ISSUE**BOND ANTICIPATION NOTES**

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 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes; although Bond Counsel observes that such interest is included in the adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). 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 Notes. See "Tax Matters" herein.

The Notes **will be** "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.

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

**\$1,096,500
BOND ANTICIPATION NOTES, 2017 SERIES B
(the "Notes")**

Date of Issue: December 13, 2017

Maturity Date: August 2, 2018

The Notes are general obligations of the Village of Ardsley, Westchester County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to applicable statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limitation Law"). See "**Nature of Obligation**" and "**Tax Levy Limitation Law,**" herein.

The Notes are not subject to optional redemption prior to maturity.

At the option of the purchaser, the Notes will be issued in (i) certificated registered form registered in the name of the successful bidder or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued 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 rates. Principal of and interest on such Notes will be payable in federal funds by the Village to the registered owner.

If the Notes are issued in book-entry-only form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one odd denomination which includes \$6,500. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate(s). Principal of and interest on said Notes will be paid in federal funds by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Village will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein.)

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about December 13, 2017.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DEFINED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: November 16, 2017

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

**Peter R. Porcino
Mayor**

BOARD OF TRUSTEES

Nancy Kaboolian Trustee, Deputy Mayor
Joann D’Emilio Trustee
Andy DiJusto Trustee
Mollie Monti Trustee

Barbara A. Berardi Village Clerk
Robert J. Ponzini, Esq. Village Attorney
Marion DeMaio Village Treasurer
Meredith S. Robson Village Manager

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
(845) 227-8678**

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES	1	FINANCIAL FACTORS	A-5
Description	1	Budgetary Procedure	A-5
Authority for and Purpose of the Notes.....	1	Independent Audits.....	A-5
Book-Entry-Only System	1	Investment Policy	A-6
NATURE OF OBLIGATION.....	3	Financial Operations.....	A-7
Tax Levy Limitation Law.....	5	Revenues.....	A-7
Real Property Tax Rebate.....	6	REAL PROPERTY TAXES.....	A-9
SPECIAL PROVISIONS AFFECTING REMEDIES		Property Tax Limit	A-9
UPON DEFAULT	6	Tax Collection Procedures	A-9
MARKET FACTORS.....	10	Real Property Tax Statistics	A-10
THE STATE COMPTROLLER'S FISCAL STRESS		Ten of the Largest Taxpayers	A-10
MONITORING SYSTEM AND COMPLIANCE		VILLAGE INDEBTEDNESS	A-11
REVIEWS	10	Constitutional Requirements	A-11
LITIGATION.....	11	Statutory Procedure	A-11
TAX MATTERS.....	11	Constitutional Debt-Contracting Limitation...A-12	
LEGAL MATTERS.....	12	Statutory Debt Limit and Net Indebtedness ...A-13	
DISCLOSURE UNDERTAKING.....	12	Tax and Revenue Anticipation Notes.....A-13	
Compliance History	13	Bond Anticipation Notes	A-13
MUNICIPAL ADVISOR	14	Trend of Capital Debt.....	A-14
RATING	14	Lease Purchase Obligations.....	A-14
ADDITIONAL INFORMATION.....	14	Overlapping and Underlying Debt	A-15
		Debt Ratios	A-15
APPENDIX A - THE VILLAGE		Authorized but Unissued Debt	A-15
THE VILLAGE	A-1	Debt Service Schedule.....	A-16
General Information	A-1	ECONOMIC AND DEMOGRAPHIC DATA ...A-16	
Form of Government	A-1	Population.....	A-16
Elected and Appointed Officials	A-1	Income	A-17
Services.....	A-2	Employment	A-17
Employees	A-2	Financial Institutions	A-18
Employee Benefits.....	A-2	Transportation.....	A-18
Other Postemployment Benefits.....	A-4	Utilities	A-18
		Housing Data	A-19
APPENDIX B - UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS			
APPENDIX C - LINK TO INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED MAY 31, 2016			
APPENDIX D - FORM OF BOND COUNSEL'S OPINION			

THIS PAGE INTENTIONALLY LEFT BLANK

OFFICIAL STATEMENT
VILLAGE OF ARDSLEY
WESTCHESTER COUNTY, NEW YORK

relating to
\$1,096,500
BOND ANTICIPATION NOTES, 2017 SERIES B
(the “Notes”)

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the Village of Ardsley in the County of Westchester, State of New York (the “Village,” “County,” and “State,” respectively), in connection with the sale of \$1,096,500 Bond Anticipation Notes, 2017 Series B (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 Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

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.

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co, as the partnership nominee for DTC. If the Notes are registered in the name of the successful bidder(s), the Village will act as Paying Agent for the Notes. The Village contact information is as follows: Marion DeMaio, Treasurer, 505 Ashford Avenue, Ardsley, NY 10502-2124, 914-693-1550, e-mail: mdemaio@ardsleyvillage.com.

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 Village Law, the Local Finance Law, and other proceedings and determinations relating thereto, including a bond resolution adopted by the Village Board on September 5, 2017 for the acquisition of land. The proceeds of the Notes will provide \$1,096,500 in original financing for such purpose.

Book-Entry-Only System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing

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

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

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Village, 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 Village, 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 Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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 VILLAGE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE VILLAGE 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 NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNERS.

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

THE VILLAGE 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 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 NOTES.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds of the Village 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 Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village, subject to applicable statutory limitations. See “Tax Levy Limitation Law” herein.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the 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 Village is required to pledge its faith and credit for the payment of the principal of and interest on the 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 Village’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 serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

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

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor, as amended (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. As amended, the Tax Levy Limit Law expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to 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 a statutory tax levy limitation is not clear.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 (“Chapter 59”), included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrated “three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.”

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limit Law. The Village complied with the provisions of Chapter 59 and its taxpayers received the rebates provided in 2015 and 2016.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015 which generally extends the provisions of the program through 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. The Notes when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village 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 Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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 Village may not be enforced by levy and execution against property owned by the Village.

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

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

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

The rights of the owners of Notes to receive interest and principal from the Village could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Village (including 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 Village under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

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

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

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

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

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 villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations 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 Village has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith 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 noteholders, 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 Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET FACTORS

The financial and economic condition of the Village as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Village'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 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 Village to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Village will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. 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 and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See "State Aid" herein).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note 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 Notes and other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Notes (See "Tax Matters" herein).

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

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 recent report released by the State Comptroller, dated September 27, 2017, designated the Village as “No Designation,” with a fiscal score of 6.7% and an environmental score of 11.3%.

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

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. There are presently no audits reported on the States website.

LITIGATION

The Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village Attorney, except as set forth below and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

Certain property owners have filed certiorari petitions under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions for one or more years and, in most actions, a refund of property taxes previously paid. For the fiscal years ended May 31, 2016 and 2017 the Village paid tax refunds in the amounts of \$174,189 and \$265,789 (unaudited), respectively. It is difficult to predict at this time the outcome of current cases, however, pursuant to State law, the Village may issue debt to pay tax certiorari refunds should the amount of such refunds exceed the amount on hand therefore.

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

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 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 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Village has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

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 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 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 Notes is excluded from gross income for federal income tax purposes and is exempt from 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 Notes 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 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 Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, certain legislative proposals in recent years have been made that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Tax reform legislation is presently under consideration in Congress.

Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the Village 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 Village 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 Village; (xiii) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, 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.

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 Village 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 Village 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 Village, 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 Village.

The Village 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 Village does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Village’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 Village, 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 Village to comply with the Undertaking will not constitute a default with respect to the Notes.

The Village 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

Since 2007, there have been in excess of 50 rating actions reported by Moody’s Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Village. Due to widespread knowledge of these rating actions, material event notices were not filed by the Village in each instance.

During March of 2012 the Village issued \$1,211,500 Public Improvement (Serial) Bonds, 2012 to fund various projects, and pledged to annually provide financial statements and annual financial information and operating data, commencing with the fiscal year ending May 31, 2012. However, prior to this issuance, the Village was only obligated to provide such information upon request. Due to an administrative oversight and misunderstanding of the requirement, information was thought to continue to only be required if requested. As such, annual financial information for the fiscal years 2013 and 2014 was not provided in a timely fashion. A material event notice has since been filed and copies of the corresponding financial statements have also been posted. In addition, during July of 2015, the Village posted financial information and operating data, which, to the extent possible, included information relating to the 2013 and 2014 fiscal years was included. In addition, the 2016 audit report was not filed until July 18, 2017 due to an administrative oversight. A material event in connection with the 2016 audit report was filed on July 19, 2017. The Village is now aware of the correct requirement and intends to file all information in a timely fashion.

MUNICIPAL ADVISOR

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

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

RATING

The Village did not apply for a rating of the Notes.

The Village’s underlying rating on its outstanding bonds by Moody’s Investors Service (“Moody’s”) is “Aa3.”

Such rating reflects only the views of such organization 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.

ADDITIONAL INFORMATION

Additional information may be obtained from Marion DeMaio, Treasurer, 507 Ashford Avenue, Ardsley, New York 10502, (914) 693-1550, e-mail: mdemaio@ardsleyvillage.com or from the Village’s Municipal Advisor, Capital Markets Advisors, LLC, 1075 Route 82, Suite 4, Hopewell Junction, New York 12533, (845) 227-8678.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Village and the original purchasers or holders of any of the 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 Villages management’s beliefs as well as assumptions made by, and information currently available to the Village’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Village’s files with the MSRB. When used in Village documents or oral presentations, 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 Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Village, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Notes, the Village 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 Village, 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 Village nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

VILLAGE OF ARDSLEY
WESTCHESTER COUNTY, NEW YORK

By: _____
Marion DeMaio
Treasurer and Chief Fiscal Officer

DATED: November 16, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX A

THE VILLAGE

THIS PAGE INTENTIONALLY LEFT BLANK

THE VILLAGE

General Information

The Village was incorporated by an act of the State Legislature in 1896. The Village encompasses an area of approximately 1.3 square miles wholly situated in the Town of Greenburgh (the “Town”). New York City is about 15 miles south of the Village. The Village is primarily residential in character with light commercial development along its main street area (U.S. Route 9A). The residential areas of the Village are predominantly single family except for several townhouse and condominium complexes. Commercial properties are mainly small stores and shopping centers, with small service businesses interspersed.

According to interim data obtained from the US Census Bureau (Annual Population Estimates), the estimated population of the Village’s was 4,634 for 2016, which represents an increase of 4.1%, or 182 persons, since the 2010 US Census. Populations in both the County and State showed estimated increases of 2.7% and 1.9%, respectively, over the same period of time. See “Economic and Demographic Data,” herein.

Wealth levels in the Village well exceed those of the County and State. According to the American Community Survey 5-Year Estimate, median family income in the Village for 2015 was \$167,014 compared to \$108,108 and \$71,913 for families in the County and State, respectively. In addition, approximately 75.7% of all families in the Village had annual incomes greater than \$100,000 compared to 53.6% in the County and 34.9% in the State. Per capita money income of Village residents in 2015, according to the American Community Survey 5-Year Estimate, was \$65,176, which was greater than both the County (\$48,885) and the State (\$33,236). See “Economic and Demographic Data,” herein.

The median value for owner occupied Village homes in 2015 was estimated at \$616,600 which was greater than County-wide median of \$506,900 and the State-wide median of \$283,400. See “Economic and Demographic Data,” herein.

Village residents find employment throughout the New York Metropolitan area, and are generally less dependent on manufacturing related employment than residents of the County or State. Many residents are employed in management or professional positions. Unemployment statistics are not maintained for the Village; however, the number of unemployed persons in the Town, which encompasses the Village, has historically been lower than the County, State or the United States taken as a whole. See “Economic and Demographic Data,” herein.

Form of Government

The Village was established as a municipal government by the State and is vested with the powers and responsibilities inherent in the operation of municipal governments, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property within its boundaries and issue general obligation indebtedness, subject to the provisions of the State’s Real Property Tax Law and Local Finance Law (see “Tax Levy Limitation Law” herein). There is one school district in the Village that has independent power with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town and the County to support programs administered by such governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various State statutes affecting village governments, including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law.

Elected and Appointed Officials

The Village Board of Trustees is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees and a Mayor, all of whom are elected at large to serve two-year terms. The number of terms which may be served is not limited.

The Village operates with a Village Manager who is appointed by the Village Board of Trustees. The Manager is the Chief Administrative Officer of the Village and is responsible for day-to-day operations. The Manager appoints certain department heads and hires employees. The Manager also serves as the Budget Officer of the Village.

The Mayor is elected for a two-year term of office with the right to succeed himself. In addition, the Mayor is a full member of and the presiding officer of the Village Board.

The Village Clerk is appointed by the Board for a two-year term. The responsibilities of the Clerk are many and varied. The Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board of Trustees. In addition, the Clerk serves as the clerk to the Board of Trustees and various village boards and keeps the records of their proceedings. The Village Clerk is responsible for maintaining the Village code of laws and ordinances as it relates to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations.

The Village Treasurer is appointed by the Board of Trustees for a two-year term. The Treasurer is the Chief Fiscal Officer of the Village. Duties and responsibilities of the position are as follows: maintain the Village’s accounting systems and records including the responsibility to prepare and file an annual financial report with the State Comptroller, custody and investment of Village funds, and debt management. In addition, the Treasurer is the tax collector responsible for collecting and enforcing delinquent Village taxes.

Services

The Village provides its residents with many of the services traditionally provided by village governments in the State. In addition, the Town and County furnish certain other services. A list of these services provided by the Village are as follows: police protection and law enforcement; sanitary and storm sewer maintenance; refuse collection (the Village is included within the County Refuse District No. 1); highway and public facilities maintenance; a local justice court that is responsible for enforcing provisions of the State’s Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. Fire protection is furnished by a volunteer fire department.

Pursuant to State law, the County is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs. The County is also responsible for certain sewer services for which purpose special county districts were established. A community college offering associates degrees in various areas of study is operated by the County.

Employees

The Village employed approximately 46 full-time employees and 29 part-time employees. Certain employees are represented by one of two unions. The below table summarizes the size and contract status of each unit.

Employees Represented	Bargaining Agent	Contract Expiration Date
18	Ardsley Police Benevolent Association	5/31/17 ⁽¹⁾
15	International Brotherhood of Teamsters, Local 887	5/31/17 ⁽¹⁾

(1) In Negotiation

Source: Village Officials

Employee Benefits

Substantially all employees of the Village are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State 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. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired 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. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

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%.

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 Village generally opts to make its pension payments in December in order to take advantage of the discount and anticipates making the fiscal year payment in December.

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 Village does not currently amortize any pension payments.

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 in lieu of the ARC amount. The Village 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.

For State Fiscal Year 2016-17, the average contribution rates decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5% and the average contribution rate for PFRS decreased by approximately .4% of payroll from 24.7% to 24.3%. For the State Fiscal Year 2017-18 the contribution rates for ERS and PFRS remain unchanged at the 2016-17 levels. 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.

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

Fiscal Year Ended May 31	ERS	PFRS
2013	\$360,989	\$570,176
2014	424,051	917,913
2015	481,972	586,133
2016	378,960	650,697
2017(Unaudited) ⁽¹⁾	345,363	691,508
2018 (Budget) ⁽¹⁾	381,242	711,538

(1) General Fund contributions.

Source: The Audited Financial Statements, 2018 Adopted Budget and Village officials. The above summary itself is not audited.

See “Notes to Financial Statements- Note 3 D” in the audited financial statements of the Village.

Other Postemployment Benefits

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”) requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) is determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every two years for the Village. The Village’s funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund medical benefit obligations. For the 2016 fiscal year the Village contributed \$320,000.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of June 1, 2015 was \$17,210,000. For the year ended May 31,

2016, the Village's ARC was \$1,640,000. The Village's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Village's finances and could force the Village to reduce services, raise taxes or both.

Proposed legislation was reintroduced in the State Legislature in the last session (A.05525, S.0511) to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. This legislation would authorize the establishment of a trust by resolution of the local government's governing body which would serve as the trustee (unless trustee authority is delegated to the local government's chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with the written investment policy developed by the trustee and the written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust. The Legislation was not adopted. The Village cannot predict at this time whether such proposed legislation will be introduced and enacted into law in a future legislative session.

See "Notes to Financial Statements, Note 3" in the Audited Financial Statements for the year ended May 31, 2016.

Legislation has been proposed to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the A-5 president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there are no limits on how much a local government can deposit into the trust. The Town cannot predict at this time whether such proposed legislation will be enacted into law.

FINANCIAL FACTORS

Budgetary Procedure

The budget process, including preparation, approval and amendment thereof, is determined by Article 8 of the Village Law. As noted, the Village Manager is the Village's budget officer and is required by law to file a tentative budget with the Village Clerk on or before March 20 of each year. The tentative budget is submitted to the Village Board of Trustees not later than March 20; following review and modification, a preliminary budget hearing is held by the Board of Trustees on or before April 15th.

At this hearing, members of the public may express opinions which the Board of Trustees may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Village Board of Trustees may make changes following the hearing process. The Board of Trustees is required to adopt the final annual budget by May 1. From time to time, the Village Board of Trustees may make changes or modifications in the amount of annual appropriations subject to legal provisions. See the Audited Financial Statements of the Village, "Notes to Financial Statements".

Summaries of the adopted budget for the 2017 and 2018 fiscal years are attached as a part of this Official Statement (see "Appendix B," herein). Full copies of the adopted budgets, including those from previous years, may be obtained by request from the Village Treasurer or from the Village's Municipal Advisor.

Independent Audits

The Village retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended May 31, 2016. A five-year history of certain financial statements is presented, in summary form, in Appendix B hereto. The data presented in these summaries are derived from the Village's audited financial statements. However, the summaries are not complete presentations in that the notes to the financial statements and the auditors' report thereon have not been included. Accordingly, such statements are not

considered as audited under accounting principles generally accepted in the United States of America. Copies of the Village's audited financial statements will be made available upon request to the Village or its Municipal Advisor.

As of the date of this Official Statement the Village was still in the process of completing the auditing process in connection with the fiscal year ended May 31, 2017. Village officials anticipate the audited financial statements will be completed and made available on or around December of 2017.

In addition, the Village is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. There are presently no audits reported on the States website. See "The State Comptroller's Fiscal Stress Monitoring System," herein.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the Village has an investment policy applicable to the investment of all moneys and financial resources of the Village. 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 Village's investment policy guidelines. According to the investment policy of the Village, 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 Village has designated two banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Village is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Village 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 Village include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Village (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 Village, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Village 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 Village, 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 Village 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 Village's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Village must be delivered, in a form suitable for transfer or with an assignment in blank, to the Village or its designated custodial bank. The custodial agreements used by the Village 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 Village, 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 Village in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Financial Operations

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting village governments including Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law.

The Village Board enacts, by resolution, all legislation including local laws. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The original issuance of all Village indebtedness is subject to approval by the Village Board.

Revenues

The Village 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 2012-2016 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Village’s audited financial reports, however, such presentation has not been audited.

Property Taxes. The Village derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds” in the audited financial statements for the year ended May 31, 2016). Property taxes accounted for approximately 79.6% of General Fund revenue, excluding other financing sources, for the fiscal year ended May 31, 2016.

The following table sets forth General Fund revenue and real property taxes received for each of the past five audited fiscal years, the unaudited amount for 2017 and the amount budgeted for the most recent fiscal year.

General Fund Revenue & Real Property Taxes⁽¹⁾

Fiscal Year Ended May 31:	General Fund Revenue ⁽¹⁾	Real Property Taxes	Taxes to GF Revenues
2012	\$10,225,898	\$7,705,076	75.3%
2013	10,807,764	8,354,984	77.3
2014	11,238,774	8,581,304	76.4
2015	11,714,279	9,198,554	78.5
2016	11,924,629	9,491,323	79.6
2017 (Unaudited)	12,383,781	9,696,319	78.3
2018 (Budget)	12,359,169	10,152,143	82.1

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statements, the 2018 Adopted Budget and Village officials. The summary itself has not been audited.

State Aid. The Village receives financial assistance from the State. State aid accounted for approximately 2.3% of General Fund revenue, excluding other financing sources, during the 2016 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 Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

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

The following table sets forth General Fund revenue and State aid revenues received for each of the past five audited fiscal years, the unaudited amount for 2017 and the amount budgeted for the most recent fiscal year.

General Fund Revenue & State Aid Revenue ⁽¹⁾

<u>Fiscal Year Ended May 31:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid To General Fund Revenue</u>
2012	\$10,225,898	\$231,782	2.3%
2013	10,807,764	216,920	2.0
2014	11,238,774	254,105	2.3
2015	11,714,279	247,002	2.1
2016	11,924,629	275,035	2.3
2017 (Unaudited)	12,383,781	173,338	1.4
2018 (Budget)	12,359,169	304,816	2.5

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statements, the 2018 Adopted Budget and Village officials. The summary itself has not been audited.

Sales Tax. The Village receives a share of the County sales tax. The County presently imposes a 1 ½% County-wide sales and use tax on all retail sales. Additionally, the State, effective May 1, 2005, imposes a 4% State sales tax and a 3/8% sales tax levied in the Metropolitan Transportation Authority District. The cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2½% in the Cities of White Plains, Mount Vernon, New Rochelle, and Yonkers. The Cities of Rye and Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2018. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have imposed sales taxes (50%).

In February of 2004, the State Legislature authorized an increase of ½% to the additional 1% 1991 sales tax. The County retains 70% of this amount, the municipalities 20% and the school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2018.

The following table sets forth total General Fund revenue and sales taxes received for each of the past five fiscal years, the unaudited amount for 2017 and the amount budgeted for the most recent fiscal year.

General Fund Revenue & Sales Tax

<u>Fiscal Year Ended May 31:</u>	<u>General Fund Revenue</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenue</u>
2012	\$10,225,898	\$586,990	5.7%
2013	10,807,764	606,114	5.6
2014	11,238,774	638,715	5.7
2015	11,714,279	636,962	5.4
2016	11,924,629	648,341	5.4
2017 (Unaudited)	12,383,781	657,290	5.3
2018 (Budget)	12,359,169	640,000	5.2

(1) Total revenues are exclusive of other financing sources.

Source: The Audited Financial Statements, the 2018 Adopted Budget and Village officials. The summary itself has not been audited.

REAL PROPERTY TAXES

Property Tax Limit

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. See "Tax Levy Limitation Law" herein.

**Constitutional Tax Margin
For Fiscal Year 2017-18**

Five-Year Average Full Valuation ⁽¹⁾	<u>\$936,552,220</u>
Tax Limit (2% of Average Full Valuation)	<u>18,731,044</u>
Tax Levy	10,082,143
Total of Items Excluded from Tax Limit	<u>1,103,822</u>
Tax Levy Subject to Tax Limit	<u>8,978,321</u>
Constitutional Tax Margin	<u><u>9,752,723</u></u>
Margin / Limit	<u><u>52.07%</u></u>

(1) A revaluation of properties took effect for the 2017-18 fiscal year

Source: Statement of Constitutional Tax Limit for the year ending May 31, 2018 and Village officials.

Tax Collection Procedures

The Village Board levies real property taxes pursuant to resolution and such taxes become a lien on the first day of June. Taxes may be paid in two installments in the months of June and December. The first installment may be paid without penalty through June 30. The second installment must be paid by December 31 in order to avoid the penalty. Payments made after the due dates must include a 5% penalty for the first month or fraction thereof and an additional 1% penalty for each month or part of a month thereafter. The annual tax warrant expires on February 1st at which time the Treasurer files a listing of unpaid taxes with the Village Board of Trustees. Tax liens are filed

with the County on April 1 each year. The Village may commence foreclosure proceeding two years after the filing of the tax liens.

Real Property Tax Statistics

Valuations, Tax Rates and Tax Levies					
<u>Fiscal Years Ended May 31:</u>					
Fiscal Year Ending May 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 ⁽¹⁾</u>
Tax Rate Per \$1,000 Assessed Valuations	\$ 282.20	\$ 307.23	\$ 314.57	\$ 323.96	\$ 9.66
Real Property Tax Levy	8,573,678	9,258,218	9,474,086	9,723,969	10,082,143
Tax Collections Current Year	8,511,737	9,159,259	9,390,770	9,648,658	5,415,071
% Collected Current Year	99.3%	98.9%	99.1%	99.1%	53.7%
Unpaid Taxes End of Year	\$ 61,941	\$ 98,959	\$ 83,316	N/A	N/A

(1) Represents collections as of November 1, 2017.

Source: Village Officials.

Ten of the Largest Taxpayers

The following table set forth the property assessments and tax liability of the Village's larger taxpayers as shown on the tax roll used to levy real property taxes for the 2017-18 fiscal year.

Larger Taxpayers in the Village			
<u>2017-18 Fiscal Year Collections</u>			
<u>Name</u>	<u>Industry</u>	<u>Taxable Assessed Valuations ⁽¹⁾</u>	<u>Percentage Total Taxable Assessed Valuations ⁽²⁾⁽³⁾</u>
Atria Senior Living	Senior Housing	\$ 36,367,300	3.48%
Con Edison	Utility	28,427,900	2.72
United Water	Utility	12,517,100	1.20
Ardsley Associates LLC	Mall	10,139,000	0.97
Elm St. Sports	Sports Club	6,592,000	0.63
15-35 Center Street LLC	Commercial	6,408,700	0.61
Ardsley Mall Inc.	Mall	7,177,400	0.69
Lehigh Hospitality LLC	Office Building	3,670,100	0.35
Ardsley Exec.	Office Building	2,857,600	0.27
Anthony Coscia ⁽⁴⁾	Office/Retail	3,028,100	0.29
Total		\$117,185,200	11.22%

(1) A revaluation of properties took effect for the 2017-18 fiscal year
 (2) According to Village officials, the total taxable assessed valuation for the 2017-18 fiscal year is \$1,044,209,208.
 (3) The listed percentages may not be exact due to rounding.
 (4) Pending tax certiorari claim. See "Litigation," herein.

Source: Village officials.

VILLAGE INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (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 Village and its obligations.

Purpose and Pledge. Subject to certain enumerated exceptions, the Village 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 Village may contract indebtedness only for a Village purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid 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 Village determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven percentum of the average full valuation of taxable real estate of the Village, 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 Village to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Village Law and the General Municipal Law.

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

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 Village has complied with such procedure for the validation of the bond resolutions 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 Village Board of Trustees may delegate the power to issue and sell bonds and notes to the Treasurer, the chief fiscal officer of the Village.

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

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Village, 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 Village has a debt contracting limitation equal to seven percent (7%) of average full valuation (See also “Constitutional Requirements, Debt Limit,” herein). See also “Tax Levy Limitation Law” herein.

The Village 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 Village purposes.

The following table sets forth the Village’s debt-contracting limitation.

**Computation of Debt Contracting Limitation
(As of November 16, 2017)**

<u>Assessment Roll Filed</u>	<u>Years Ended May 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate ⁽¹⁾</u>	<u>Full Valuation</u>
2013	2014	\$ 30,381,521	3.09%	\$ 983,109,071
2014	2015	30,134,615	3.33	904,943,393
2015	2016	30,117,144	3.09	974,664,854
2016	2017	30,015,802	3.51	855,151,054
2017	2018	1,044,209,208	100.00	1,044,209,208
Total Five-Year Full Valuation				<u>\$ 4,762,077,580</u>
Five-Year Average Full Valuation				<u>952,415,516</u>
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				<u>\$ 66,669,086</u>

(1) Final rates as established by the New York State ORPTS.
(2) A revaluation of properties took effect for the 2017-18 fiscal year

Source: Village Officials

Statutory Debt Limit and Net Indebtedness

The following table presents the debt-incurring power of the Village and shows that the Village is within its constitutional debt limit.

Statutory Debt Limit and Net Indebtedness		
(as of November 16, 2017)		
Full Valuation of Taxable Real Property (5 Year Average)		\$952,415,516
Debt Limit (7% of 5-Year Average Full Valuation)		66,669,086
Outstanding Indebtedness: ⁽¹⁾		
Serial Bonds	\$6,610,000	
Bond Anticipation Notes	2,366,817	
Total Gross Indebtedness	<u>8,976,817</u>	8,976,817
Less Exclusions:		
Unexpended Appropriations To		
Pay Non-Exempt Principal Debt	75,000	
Total Exclusions	<u>75,000</u>	75,000
Total Net Indebtedness		<u>8,901,817</u>
Net Debt-Contracting Margin		<u>\$ 57,767,269</u>
Percentage of Debt-Contracting Margin Exhausted		<u>13.35%</u>

(1) Excludes lease debt issued for police equipment.

Tax and Revenue Anticipation Notes

The Village is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. 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. Similarly, deficiency notes may be issued to finance a deficiency in any fund or funds arising from revenues being less than the amount issued in the budget and must be fully redeemed no later than the close of the second fiscal year succeeding the fiscal year in which the notes were first issued. Borrowings for these purposes are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code. Tax or revenue notes may be renewed from time to time but generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes.

The Village has not issued tax anticipation notes, revenue anticipation notes or budget notes during the last five fiscal years and does not anticipate the need to issue such notes in the foreseeable future.

Bond Anticipation Notes

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

The following two tables present a summary of the Village’s bond anticipation notes.

**Bond Anticipation Notes – End of Year
Fiscal Years Ended May 31:**

2013	2014	2015	2016	2017
\$537,300	\$1,120,250	\$1,794,500	\$1,170,200	\$1,063,089

Source: The Audited Financial Statements of the Village. The summary itself has not been audited.

**Bond Anticipation Notes – Currently Outstanding
(as of November 16, 2017)**

Purpose	Original Issue Date	Maturity Date	Amount
Construction & Maintenance Equipment	11-06-14	08-02-18	\$ 45,400
Highway Garage – Engineering Costs	08-04-15	08-02-18	729,217
Refuse Truck	08-02-17	08-02-18	225,000
Pick-Up Truck	08-02-17	08-02-18	115,000
Field Improvements – Pascone Park	08-02-17	08-02-18	50,200
Road Reconstruction	08-02-17	08-02-18	1,202,000
			<u>\$ 2,366,817</u>

The Village will issue \$1,096,500 in original bond anticipation notes in connection with this Official Statement. See “Authority for and Purpose of the Notes,” herein.

Trend of Capital Debt

Debt History - Fiscal Years 2012 Through 2017

Years Ended May 31:	Bonded Debt
2013	\$5,700,000
2014	5,310,000
2015	4,915,000
2016	7,879,370
2017	7,195,000

Lease Purchase Obligations

The Village from time-to-time acquires or constructs capital assets pursuant to financing leases or installment purchase contracts as such leases are described under State law. Under State law, installment purchase contracts are deemed to be executory only to the extent that moneys have been appropriated and are available therefor. Such contracts do not constitute general obligations of the Village secured by a faith and credit pledge of the Village’s taxing powers. However, installment purchase contracts are considered to be chargeable debt for purposes of computing the Village’s debt limitation prescribed by Section 104.00 of the Local Finance Law.

The Village Police Department issued various contracts for equipment. There is an outstanding lease obligation which has an annual payment of approximately \$3,625 and is payable through 2017.

Overlapping and Underlying Debt

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt of the County including special County Districts, the Town of Greenburgh and the Ardsley Union Free School District. Such taxpayers' share of this overlapping debt is based upon the amount of the Village's equalized property values taken as a percentage of each separate units' total values. The following table presents the estimated amount of overlapping debt and the Village's share thereof; authorized but unissued debt has not been included.

**Overlapping Indebtedness
(as of November 16, 2017)**

Village Gross Direct Indebtedness				\$ 8,976,817
Village Exclusions and Deductions				<u>75,000</u>
Village Net Direct Indebtedness				<u>\$ 8,901,817</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
Westchester County	12-31-16	\$597,766,156	1.97%	\$ 11,775,993
Town of Greenburgh	09-16-17	53,045,000	5.55	2,943,997
Ardsley UFSD	06-30-16	32,669,729	44.43	<u>14,515,160</u>
Total				<u><u>\$ 29,235,150</u></u>

Source: County, Town and School District officials and the Municipal Securities Rulemaking Board.

Debt Ratios

The following Table presents certain debt ratios relating to the Village's indebtedness.

**Direct and Overlapping Debt Ratios
(as of November 16, 2017)**

	<u>Amount</u>	<u>Debt Per-Capita ⁽¹⁾</u>	<u>Debt to Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$ 8,901,817	\$1,921	0.85%
Net Direct and Overlapping Debt	38,136,967	8,230	3.65

(1) The Village's population, according to interim 2016 US Census date is estimated at 4,634.
 (2) According to Village officials, the full valuation of the Village for the year ended May 31, 2018 is \$1,044,209,208.

Authorized but Unissued Debt

The Village last issued bonds in June of 2016, at which time of \$2,945,000 Public Improvement Refunding (Serial) Bonds, 2016 were issued to refinance a series of bonds originally issued in 2007. The bonds bear interest at coupons ranging from 2.00% - 5.00% and serially mature on August 1, through the year 2031.

Excluding the Notes, the Village has \$103,000 in authorized but unissued debt for fire department purposes. The Village does not anticipate utilizing the aforementioned authorization. However, Village officials believe there will

likely be future borrowing in connection with a highway garage. An exact amount and timeframe for such an issuance has not yet been determined by the Village. A full copy of the Village Capital Improvement Plan can be found on its official website.

Debt Service Schedule

The following Table shows the debt service requirements to maturity on the Village’s outstanding bonded indebtedness and lease purchases.

Schedule of Debt Service Requirements

<u>Years Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Cumulative Principal Paid</u>
2018 ⁽¹⁾	\$ 660,000	\$ 200,663	\$ 860,663	9.1%
2019	540,000	180,275	720,275	16.6
2020	555,000	162,550	717,550	24.3
2021	520,000	144,900	664,900	31.6
2022	500,000	129,000	629,000	38.5
2023	475,000	114,688	589,688	45.1
2024	475,000	99,738	574,738	51.7
2025	475,000	85,963	560,963	58.3
2026	480,000	74,088	554,088	65.0
2027	495,000	61,875	556,875	71.9
2028	400,000	49,263	449,263	
2029	405,000	39,188	444,188	
2030	410,000	28,450	438,450	
2031	345,000	18,100	363,100	
2032	250,000	10,150	260,150	
2033	55,000	5,994	60,994	
2034	55,000	4,206	59,206	
2035	50,000	2,500	52,500	
2036	50,000	844	50,844	
	<u>\$ 7,195,000</u>	<u>\$1,412,435</u>	<u>\$ 8,607,435</u>	

(1) As of November 16, 2017, the Village has paid \$585,000 in principal and \$105,763 in interest for bond payments due in the fiscal year ending May 31, 2018.

ECONOMIC AND DEMOGRAPHIC DATA

Population

Population

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2016</u>
Village	4,269	4,452	4,634	4.3%	4.1%
County	923,459	949,113	974,542	2.8	2.7
State	18,976,457	19,378,102	19,745,289	2.1	1.9

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

Income

Per Capita Money Income

	<u>2010</u>	<u>2015</u>	<u>% Change</u>
Village	\$54,923	\$65,176	18.7%
Town	54,963	60,248	9.6
County	47,814	48,885	2.2
State	30,948	33,236	7.4

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

Median Income of Families

2015

	<u>Median Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Village	\$167,014	3.2%	4.4%	4.1%	12.6%	75.7%
Town	142,790	3.4	8.5	10.4	9.7	68.0
County	108,108	9.7	14.0	12.3	10.4	53.6
State	71,913	16.0	19.1	16.8	13.2	34.9

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

Employment

Average Employed Civilian Labor Force

2000 - 2016

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2016</u>
Town	46,200	44,300	46,400	(4.1)%	4.7%
County	445,400	443,500	459,000	(0.4)	3.5
State	8,718,700	8,769,700	9,121,300	0.6	4.0

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2012	6.5%	7.3%	8.5%	8.1%
2013	5.6	6.2	7.7	7.4
2014	4.5	5.1	6.3	6.2
2015	4.0	4.5	5.3	5.3
2016	3.8	4.2	4.8	4.9
2017: ⁽¹⁾				
Jan	3.8	4.5	4.9	5.1
Feb	4.0	4.8	5.0	4.9
Mar	3.5	4.1	4.4	4.6
Apr	3.6	4.1	4.2	4.1
May	3.8	4.1	4.3	4.1
Jun	4.2	4.5	4.5	4.5
Jul	4.1	4.6	4.9	4.6
Aug	4.1	4.6	4.9	4.5
Sep	4.1	4.5	4.7	4.1

(1) Monthly Rates.

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

The following table presents a listing of certain major employers located in the County.

Major Private Sector Employers in the County

Name of Business	Nature of The Business
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and health care services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
Pace University	Private co-educational university
White Plains Hospital	Hospital and health care services
St. John’s Riverside Hospital	Hospital and health care services

Source: The 2016 Comprehensive Annual Financial Report of Westchester County. Info was compiled by the Westchester Business Journal as of April 2017.

Financial Institutions

Various banking facilities are available in the Village and adjacent areas including Astoria Bank, JPMorgan Chase Bank NA and Wells Fargo Bank NA. As of June 30, 2016, total funds deposited in Village banks were approximately \$468.2 million according to the Federal Deposit Insurance Corporation.

Transportation

The Village is served by all major forms of transportation. Highway facilities include the New York State Thruway, Saw Mill River Parkway, Sprain Parkway and U.S. Route 9A. Commuter rail transportation is provided by the Hudson and Harlem Line Division of the Metro North Railroad. 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 less than one hour by automobile. The County Airport serving primary U.S. cities is located about 15 miles from the Village limits.

Utilities

Consolidated Edison Company and NYSEG provide residents with basic utilities. Sewer service is provided by the Village (sewer lines) and County (sewage treatment). Water is provided by the privately owned SUEZ.

The Village is a part of the County Refuse District No. 1 which operates a mass-burn resource recovery facility in the City of Peekskill located in the northwest corner of the County. Properties located in the County Refuse District, including the Village, are subject to annual assessments to pay service charges for processing solid waste as well as operating and capital expenses of such district.

Housing Data

Housing Stock 2000 - 2015

	Number of Units			% Change	
	2000	2010	2015	2000-2010	2010-2015
Village	1,456	1,639	1,586	12.6%	(3.2)%
Town	34,084	35,452	34,940	4.0	(1.4)
County	349,445	370,821	370,032	6.1	(0.2)
State	7,679,307	8,108,103	8,171,725	5.6	0.8

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

Median Housing Values and Rents 2015

	% Constructed 2010-2015	Median Value	Median Rents	Occupancy Status		
		Owner Occupied Units	Renter Occupied Units	Owner Occupied	Renter Occupied	Vacant
Village	1.1%	\$616,600	\$1,238	80.6%	16.7%	2.6%
Town	0.9	538,700	1,657	68.9	23.8	6.2
County	0.5	506,900	1,364	56.8	35.6	7.6
State	0.8	283,400	1,132	47.7	41.2	11.1

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

END OF APPENDIX A

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

**UNAUDITED SUMMARY OF
FINANCIAL STATEMENTS AND BUDGETS**

THIS PAGE INTENTIONALLY LEFT BLANK

VILLAGE OF ARDSLEY
BALANCE SHEET
GENERAL FUND
UNAUDITED PRESENTATION

	AS OF MAY 31:				
	2012	2013	2014	2015	2016
ASSETS					
Cash and Equivalents	\$ 796,674	\$ 938,601	\$ 505,519	\$ 1,585,666	\$ 2,281,361
Investments					
Taxes Receivable (Net)	63,275	96,541	87,405	86,937	164,397
Other Receivables:					
Accounts	151,761	409,246	90,856	92,852	139,167
State and Federal Aid	89,500	210,414	61,606	101,303	88,350
Due From Other Governments	774,551	502,591	636,460	500,987	877,839
Due From Other Funds	69,935	30,731	159,323	21,982	67,469
Prepaid Expenditures	2,417	2,417	11,125	0	96,150
 Total Assets	 \$ 1,948,113	 \$ 2,190,541	 \$ 1,552,294	 \$ 2,389,727	 \$ 3,714,733
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 405,154	\$ 399,625	\$ 320,037	\$ 172,710	\$ 434,028
Accrued Liabilities	0	0	33,297	206,369	147,242
Due To Other Funds	0	0	0	249,604	233,369
Due To Retirement Systems	233,433	216,612	217,469	202,853	130,921
Deferred Tax Revenues	28,422	81,065	0	0	0
Deferred Revenues	12,247	10,102	0	0	0
 Total Liabilities	 679,256	 707,404	 570,803	 831,536	 945,560
 Deferred Inflows of Resources:					
Deferred Tax Revenues	0	0	58,432	85,708	154,586
 Total Liabilities & Deferred Inflows of Resources	 679,256	 707,404	 629,235	 917,244	 1,100,146
 Fund Balance:					
Nonspendable	2,417	2,417	11,125	0	96,150
Restricted	386,207	388,138	389,825	391,774	393,733
Assigned	104,609	95,214	83,258	111,495	120,659
Unassigned	775,624	997,368	438,851	969,214	2,004,045
 Total Fund Balance	 1,268,857	 1,483,137	 923,059	 1,472,483	 2,614,587
 Total Liabilities, Deferred Inflows of Resources And Fund Balance	 \$ 1,948,113	 \$ 2,190,541	 \$ 1,552,294	 \$ 2,389,727	 \$ 3,714,733

The financial data presented on this page has been excerpted from the audited financial statements of the Village. The summary itself is not audited

(1) Beginning with the fiscal year ending May 31, 2012, GASB Statement # 54 required a new categorization of Fund Equity. See prior page for previous years.

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

VILLAGE OF ARDSLEY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND
UNAUDITED PRESENTATION

	FISCAL YEAR ENDED MAY 31:				
	2012	2013	2014	2015	2016
REVENUES:					
Real Property Taxes	\$ 7,705,076	\$ 8,354,984	\$ 8,581,304	\$ 9,198,554	\$ 9,491,323
Other Tax Items	32,235	141,490	36,191	34,627	35,877
Non-Property Taxes	773,558	819,942	870,909	850,346	857,782
Departmental Income	810,800	776,503	874,708	845,066	588,550
Use Of Money And Property	6,281	5,363	3,237	2,488	2,274
Licenses And Permits	324,679	144,708	198,205	192,159	163,168
Fines and Forfeitures	77,348	112,045	99,572	97,650	83,769
Sale Of Property And Compensation For Loss	100,736	35,251	20,065	42,649	81,254
State Aid	231,782	216,920	254,105	247,002	275,035
Federal Aid	91,025	208,407	125,000	162,373	98,349
Miscellaneous	72,378	(7,849)	175,478	41,365	247,248
Total Revenues	10,225,898	10,807,764	11,238,774	11,714,279	11,924,629
EXPENDITURES:					
Current:					
General Government Support	1,412,028	1,354,566	1,644,649	1,426,640	1,577,162
Public Safety	3,354,526	3,574,030	3,654,104	3,410,023	3,623,019
Health	65,000	99,835	155,614	151,275	143,371
Transportation	582,202	616,600	658,813	586,322	1,039,837
Economic Opportunity And Development	37,010	40,863	38,471	35,893	7,944
Culture And Recreation	203,822	206,551	194,001	188,325	222,361
Home And Community Services	978,294	1,046,089	1,081,124	1,145,344	568,014
Employee Benefits	2,477,468	2,527,292	3,023,221	2,709,402	2,755,140
Debt Service	553,132	620,744	614,885	615,549	609,936
Total Expenditures	9,663,482	10,086,570	11,064,882	10,268,773	10,546,784
Excess of Revenues Over Expenditures	562,416	721,194	173,892	1,445,506	1,377,845
OTHER FINANCING SOURCES (USES):					
Transfers - In	60,643	0	0	18,164	1,111
Transfers - Out	(576,649)	(506,914)	(733,970)	(914,246)	(236,852)
Total Other Financing Uses	(516,006)	(506,914)	(733,970)	(896,082)	(235,741)
Net Change In Fund Balance	46,410	214,280	(560,078)	549,424	1,142,104
Fund Balances - Beginning of Year	1,222,447	1,268,857	1,483,137	923,059	1,472,483
Fund Balances - End of Year	\$ 1,268,857	\$ 1,483,137	\$ 923,059	\$ 1,472,483	\$ 2,614,587

The financial data presented on this page has been excerpted from the audited financial statements of the Village. The summary itself is not audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF ARDSLEY
 FINAL ADOPTED BUDGET FOR OPERATING FUND
 YEAR ENDING MAY 31, 2017

	<u>General Fund</u>
ESTIMATED REVENUES:	
Real Property Taxes	\$ 9,723,969
Other Tax Items	31,500
Non-Property Tax Items	854,000
Departmental Income	234,150
Intergovernmental Charges	371,650
Use Of Money and Property	3,000
Licenses And Permits	243,604
Fines and Forfeitures	95,000
Sale Of Property and Compensation for Loss	12,300
Interfund Transfers	0
State Aid	234,804
Federal Aid	125,000
Miscellaneous	<u>5,000</u>
 Total Estimated Revenues	 <u>11,933,977</u>
APPROPRIATIONS:	
Current:	
General Government Support	1,791,856
Public Safety	3,721,629
Public Health	158,040
Transportation	1,220,133
Economic Opportunity and Development	11,400
Culture and Recreation	307,929
Home and Community Services	492,163
Employee Benefits	2,913,924
Debt Service	<u>1,056,851</u>
 Total Appropriations	 <u>11,673,925</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>260,052</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers - In	0
Operating Transfers - Out	<u>(260,052)</u>
 Total Other Financing Sources (Uses)	 <u>(260,052)</u>
 Appropriation of Fund Balance	 <u><u>\$ 0</u></u>

VILLAGE OF ARDSLEY
 FINAL ADOPTED BUDGET FOR OPERATING FUNDS
 YEAR ENDING MAY 31, 2018

	General Fund
ESTIMATED REVENUES:	
Real Property Taxes	\$ 10,082,143
Other Tax Items	36,500
Non-Property Tax Items	899,000
Departmental Income	240,580
Intergovernmental Charges	383,880
Use Of Money and Property	3,000
Licenses And Permits	163,000
Fines and Forfeitures	99,000
Sale Of Property and Compensation for Loss	17,250
Interfund Transfers	0
State Aid	304,816
Federal Aid	125,000
Miscellaneous	5,000
	12,359,169
APPROPRIATIONS:	
Current:	
General Government Support	\$ 2,014,176
Public Safety	3,705,187
Public Health	155,779
Transportation	1,219,133
Economic Opportunity and Development	11,680
Culture and Recreation	311,099
Home and Community Services	486,417
Employee Benefits	3,079,123
Debt Service	1,202,429
	12,185,023
Excess (Deficiency) of Revenues Over Expenditures	174,146
OTHER FINANCING SOURCES (USES):	
Operating Transfers - In	0
Operating Transfers - Out	(244,146)
	(244,146)
Total Other Financing Sources (Uses)	(244,146)
Appropriation of Fund Balance	\$ 70,000

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2016**

**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/ES1035729-ES809710-ES1211088.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the
date thereof. PKF O’Connor Davies, LLP has not been requested by the Village to further
review and/or update such Financial Statements or opinion in connection with the
preparation and dissemination of this Official Statement.**

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

THIS PAGE INTENTIONALLY LEFT BLANK

FORM OF BOND COUNSEL'S OPINION

December 13, 2017

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

Re: Village of Ardsley,
Westchester County, New York
\$1,096,500 Bond Anticipation Notes, 2017 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$1,096,500 Bond Anticipation Notes, 2017, Series B (the "Obligation"), of the Village of Ardsley, Westchester County, New York (the "Obligor"), dated December 13, 2017, numbered _____, of the denomination of \$[_____], bearing interest at the rate of [_____] % per annum, payable at maturity, and maturing August 2, 2018.

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 and 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 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 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 for which the Obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the Obligor is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to

applicable statutory limitations. 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 or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. 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