

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 10, 2017**

**NEW ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.*

*The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.*

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
ROCKLAND COUNTY, NEW YORK**

**\$19,090,420**

**BOND ANTICIPATION NOTES FOR VARIOUS SCHOOL PURPOSES - 2017  
(the "Notes")**

**Date of Issue: April 28, 2017**

**Maturity Date: April 27, 2018**

The Notes are general obligations of the East Ramapo Central School District, Rockland County, New York (the "District"), and will contain a pledge of the faith and credit of the District 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 District without limitation as to rate or amount. (See "*Nature of Obligation*," herein.)

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

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

If the Notes are issued in registered form registered in the name of the successful bidder(s), 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(s) at such interest rate(s). Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry 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. 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. Principal of and interest on said Notes will be paid in Federal Funds by the District 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 District 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 DISTRICT HAS EXPERIENCED FINANCIAL AND OPERATIONAL DIFFICULTIES IN RECENT YEARS WHICH COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. (SEE "STATE LEGISLATION - APPOINTMENT OF MONITOR", "THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS", "THE DISTRICT - BUDGETARY PROCEDURE AND RECENT BUDGET VOTES", AND "FINANCIAL FACTORS - OPERATING FUND DEFICIT" HEREIN.)**

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York or as otherwise agreed with the purchaser(s) on or about April 28, 2017.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE "*DISCLOSURE UNDERTAKING*" HEREIN.

Dated: April \_\_, 2017

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
ROCKLAND COUNTY, NEW YORK**

**2016 - 2017 BOARD OF EDUCATION**

YEHUDA WEISSMANDL .....President  
HARRY GROSSMAN ..... Vice President  
JOE CHAJMOVICZ..... Board Member  
BERNARD L. CHARLES, JR..... Board Member  
SABRINA CHARLES-PIERRE..... Board Member  
PIERRE C. GERMAIN ..... Board Member  
MOSHIE HOPSTEIN ..... Board Member  
JACOB LEFKOWITZ ..... Board Member  
YONAH ROTHMAN..... Board Member

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**DISTRICT OFFICIALS**

DR. DEBORAH L. WORTHAM ..... Superintendent of Schools  
VALTER PACI.....Assistant Superintendent of Finance  
ISRAEL BIER ..... District Treasurer  
CATHERINE RUSSELL.....District Clerk

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**INDEPENDENT AUDITORS**

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

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**BOND COUNSEL**

**Hawkins Delafield & Wood LLP  
New York, New York**

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**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 East Ramapo Central School District to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates 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 District since the date hereof.

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**OFFICIAL STATEMENT**

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
ROCKLAND COUNTY, NEW YORK**

**relating to**

**\$19,090,420**

**BOND ANTICIPATION NOTES FOR VARIOUS SCHOOL PURPOSES – 2017  
(the “Notes”)**

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, presents certain information relating to the East Ramapo Central School District, in Rockland County, in the State of New York (the “District,” “County,” and “State,” respectively), in connection with the sale of \$19,090,420 Bond Anticipation Notes for Various School Purposes – 2017 (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 District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

**THE DISTRICT HAS EXPERIENCED FINANCIAL AND OPERATIONAL DIFFICULTIES IN RECENT YEARS WHICH COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. (SEE “STATE LEGISLATION - APPOINTMENT OF MONITOR”, “THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS”, “THE DISTRICT – BUDGETARY PROCEDURE AND RECENT BUDGET VOTES”, AND “FINANCIAL FACTORS – OPERATING RESULTS” HEREIN).**

**THE NOTES**

***Description***

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

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

***Authority for and Purpose of the Notes***

**Authorization.** The Notes are issued pursuant to the Constitution, the laws of the State, including, among others, the Local Finance Law and the Education Law, and the bond resolution adopted by the Board of Education of the District specified below.

**Purpose.** The proceeds of the Notes will provide original financings for the projects specified below.

<u>Date Authorized</u>	<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount of the Notes</u>
01-24-17	04-28-17	Improvements to Various School Buildings	\$17,962,500
01-24-17	04-28-17	EXCEL Projects	1,127,920
Totals			<u>\$19,090,420</u>

## ***Nature of the Obligation***

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

## **REMEDIES UPON DEFAULT**

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature 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 District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the State is a pledge of an issuer of a general obligation 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

### ***No Past Due Debt***

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

### ***Bankruptcy***

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes 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. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

### **SECTION 99-B OF THE STATE FINANCE LAW**

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for any Notes 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](http://www.dtcc.com) and [www.dtc.org](http://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 within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 District 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 District, 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 District, 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 District, 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 District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District 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 to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District 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 DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT 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 DISTRICT 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 DISTRICT 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.

## **MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE**

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

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

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

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

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

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

## **STATE LEGISLATION - APPOINTMENT OF MONITOR**

Representatives of the State Education Department ("Department") announced on June 10, 2014 that it appointed a Fiscal Monitor for the East Ramapo Central School District ("District"). Representatives from the Department and the District met several times in an attempt to address the serious fiscal issues facing the District.

On November 17, 2014, the Fiscal Monitor issued a "Report of Investigation" entitled "East Ramapo: A School District in Crisis" (the "Report"). The report purported to highlight a number of factors including: (i) the District lags behind in academic performance and graduation rates in comparison to other school districts in the County; (ii) a disproportionate share of the District's budget is spent on transportation and special education in comparison to other school districts in the State; (iii) the District transports 23,500 private school students to 140 private schools, versus 9,000 public education students, with no mileage limitation on transportation and with the majority of these students transported by contractors; (iv) 26% of the District's budget is spent on special education and aspects of the District's special education program are noncompliant with State and federal law; (v) the District is governed by a Board of Education that is primarily made up of representatives of the private school community, (7 of 9 members); and (iv) the District has the highest rate of budget rejection in the State.

The report made a number of recommendations including (i) reforming the District’s governance structure to provide necessary checks and balances to the Board and Superintendent to protect public school students; (ii) increasing State funding above current levels; (iii) diversity training by the Board and training to ensure greater transparency; (iv) State Education Department review to ensure appropriate service for ELL (English Language Learners) and immigrant students; (v) community leaders should work to bridge the divide between the public and private school communities. The full report can be found at: <http://www.p12.nysed.gov/docs/east-ramapo-fiscal-monitor-presentation.pdf>.

In 2015, the Commissioner of Education (the “Commissioner”) authorized the appointment of three state monitors to oversee the District. In August 2015 a former chancellor for the New York City schools was appointed as lead monitor with two additional individuals comprising the team (the “Monitor”). The Monitor released a report in December 2015 calling for sweeping changes in the District and recommending a permanent monitor with veto power — a recommendation made by a prior report. In July 2016, Chuck Szuberla and Dr. John Sipple assumed the state monitor positions.

In June 2016, legislation was enacted providing for greater State fiscal and programmatic oversight of the District (the “2016 Act”). Pursuant to the 2016 Act, the District will receive \$3 million in additional State funding for the 2016-17 fiscal year, with \$1 million coming from the State treasury and \$2 million from aid to localities available under Chapter 53 of the Laws of 2016. The 2016 Act provides that the Commissioner shall appoint up to three monitors to carry out the provisions of the 2016 Act, including but not limited to providing oversight, guidance and technical assistance related to the educational and fiscal policies, practices, programs and decisions of the District, the Board and the Superintendent. In order to receive the \$1 million of funds, the District was required to develop and developed a long-term strategic academic and fiscal improvement plan within six months of the enactment of the 2016 Act. During the effective period of the 2016 Act the monitors and the Commissioner shall undertake periodic enhanced reviews of the District fiscal and academic programs. Further, the board of education, in consultation with the monitors, shall annually submit the school district’s proposed budget for the next succeeding school year to the commissioner. The commissioner shall review the budget and shall present his or her findings to the board of education. The board of education shall make adjustments to the proposed budget consistent with any recommendations made by the commissioner. The 2016 Act expires on June 30, 2017. Please see the following for a full text version of the 2016 Act.

[http://nyassembly.gov/leg/?default\\_fld=&leg\\_video=&bn=A10723&term=2015&Summary=Y&Actions=Y&Memo=Y&Text=Y](http://nyassembly.gov/leg/?default_fld=&leg_video=&bn=A10723&term=2015&Summary=Y&Actions=Y&Memo=Y&Text=Y)

## **THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS**

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

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

The most current applicable report of the State Comptroller designates the District as “Moderate Fiscal Stress.”

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

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 21, 2016. The purpose of the audit was to assess the District's progress as of January 2016 in implementing recommendations in the audit reports released in 2011 and 2013. Of the five audit recommendations from the 2013 report, one recommendation was fully implemented, one was partially implemented and three were not implemented. Of the 11 audit recommendations from the 2011 report, one recommendation was fully implemented, seven were partially implemented, two were not implemented and one was not applicable.

The purpose of the July 19, 2013 audit was to examine the District's financial condition for the period July 1, 2009 through February 1, 2013. The audit found that the District had experienced both planned and unplanned operating deficits in its general fund over certain fiscal years prior to such audit. These deficits were caused by inaccurate budget estimates. As a result of the operating deficits, the District's fund balance had been depleted. The complete reports and the District's response can be obtained from the OSC's website.

## LITIGATION

The following summarizes litigation pending or recently concluded.

Montesa, et al. v. Schwartz, et al., No. 7:12-cv-06057-CS-JCM, United States District Court for the Southern District of New York, and the United States Court of Appeals for the Second Circuit. The Montesa case is winding down, and the plaintiffs and their counsel have acknowledged they cannot prove their claims in the case. In exchange for our agreement not to pursue the plaintiffs for fees and expenses incurred by the District for the defense of the case, the District has obtained very extensive releases from all of the remaining plaintiffs including the District and board members up to the date that the releases were signed.

Holding up final dismissal of the Montesa case is proceedings relating to the dismissal of a different case filed by some of the plaintiffs in the State Court (the White case), in which they challenged, among other things, the District's payment of attorneys' fees in the Montesa case. The White case was filed as a class action and named some but not all of the same defendants. The District has have an injunction against some of the plaintiffs in the White case that prohibited them from going forward with their case and had a motion pending in court to expand the injunction to include all of the White case plaintiffs. The White plaintiffs and their lawyers (the same lawyers they have in the Montesa case) then gave up on the White case, as well, and are trying to get it dismissed. However, since they filed the White case as a putative class action, the court is taking a number of procedural steps to get the requested order of dismissal. We are hopeful that the White case will be dismissed in the next two months, or so (following court ordered notice to the public and then a formal hearing on the dismissal request), to be followed by formal dismissal of Montesa shortly thereafter.

White et. al v. East Ramapo Central School District No. 158035-2015, Supreme Court New York County: This case, as referenced above, alleges many of the same claims against the District by a class of plaintiffs which are nearly but not exactly the same as the Montesa plaintiffs. The proceeding is distinguished in that it seeks punitive damages from the District. As part of the Montesa settlement, the plaintiffs have agreed to discontinue this litigation as well, with prejudice. The settlement is near completion but is being held up by various notice requirements being imposed by the State court judge. We expect this matter to resolve with finality within a couple months and do not expect any fiscal implication from this matter.

East Ramapo Central School District v. New York Schools Insurance Reciprocal, No. 60093-13, Supreme Court of the State of New York, Nassau County, and the New York Supreme Court, Appellate Division – Second Department. This is a state court action in which the District sued its insurer for breach of contract arising out of the insurer's disclaimer of coverage for the defendants in Montesa, et al. v. Schwartz, et al., No. No. 7:12-cv-06057-CS-JCM (S.D.N.Y.). The court granted the District's motion for partial summary judgment on the issue of liability to defend the District, and ruled that NYSIR was obligated to reimburse the District for its defense costs. On the amount of damages for NYSIR's breach of contract, the court granted summary judgment to the District in part,

awarding it \$187,500 of more than \$2 million in attorneys' fees. The District has appealed that decision to the Appellate Division – Second Department, and the appeal is fully briefed and pending. The District is defending this matter vigorously.

East Ramapo Central School District v. King, et. al., Appeal No. 519463, Supreme Court of the State of New York, Appellate Division – Third Department. This is an appeal from a petition for Article 78 judicial review of an arbitrary and capricious determination of the New York Commissioner of Education that the District has failed to comply with the provisions of the Individuals with Disabilities Education Act. The Supreme Court, Albany County, dismissed the District's Petition and the District appealed. The Third Department also dismissed the District's Petition, albeit on different grounds. This matter was appealed to the Court of Appeals. By decision issued March 28, 2017, the Court Dismissed the Case. The Court ruled the underlying order issued by the Commissioner in 2012 regarding the District's alleged non-compliance with IDEA was not a "final order," and therefore not eligible for an Article 78 challenge. No further action is being taken in this matter.

Eugene Lucas, as President, East Ramapo Maintenance, Transportation Special Services and Security Employee Union, et. al. v. The Board of Education, East Ramapo Central School District, Dr. Joel Klein, et. al., Rockland County Supreme Court Index No. SU-2014-001640 – This is an Article 78 Proceeding concerning the termination of twenty (20) school bus driver positions, alleging that the District violated the Open Meetings Law (OML (Public Officers Law §§ 100-11) by abolishing the positions in executive session, rather than in public session and to declare the action illegal and directing reinstatement and all back pay and other benefits and emoluments for all twenty (20) former employees as of May 20, 2014. The District contends that the abolishment of the positions was done in public session and was therefore valid. The Article 78 was returnable on December 5, 2014. It should be noted that the Notice of Petition and Petition was served on the District on September 29, 2014. The pleadings were transmitted to the District's insurance carrier, the New York Schools Insurance Reciprocal (NYSIR) by the District to determine whether the District's insurance carrier would indemnify the District and provide a defense to the litigation. On October 3, 2014, NYSIR responded that there was no coverage available for this matter pursuant to the District's insurance policy. However, unfortunately, the District never transmitted the denial of coverage letter to its General Counsel, and therefore, opposition to the pending Article 78 was never filed in response by the District, and on May 20, 2015, Rockland County Supreme Court Justice Alfieri granted the Petition of Eugene Lucas, et. al., upon the default of the District, and scheduled an inquest on damages for June 23, 2015.

In a decision partially resolving this case, the judge determined the District did not comply with the Open Meetings Law on May 6, 2014 and also did not comply with provisions of the Freedom of Information Law in regard to requests made on April 29, 2014 and June 25, 2014. The remaining issue is damages due to these violations. It is anticipated that these would not exceed \$20,000 if they are awarded at all.

Johnson Controls: In 2011, the School District entered into an energy performance contract with Johnson Controls, Inc. to install numerous energy efficient controls and devices throughout the School District's buildings. It is not clear if an actual contract was signed and approved by both parties. The School District was unable to secure financing for the project and was unaware that work had commenced. The School District resolved matters with a settlement which requires payment to Johnson Controls in the amount of \$1,000,000 with payments made over a five (5) year period with the first due on or before July 31, 2017.

Improper Practice Charges: Four different unions filed improper practice charges with the Public Employment Relations Board against the District (U-3407, U-3408, U-3409, U-3410). Each alleges the District failed to provide various information sought from the different unions and/or placed non-union members into union positions. One of the charges is being withdrawn. The other three may go to hearing. It appears at this time that resolution of these matters will not result in fiscal obligations of the District which would exceed \$10,000. PERB generally cannot impose money damages in matters before it.

Tax Matters: There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified and based on the outcome of litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Special Education: There are a few pending cases relating to parents of special education students who have filed claims for reimbursement for their costs of private school placements for these children. The School District's legal counsel has not valued the annual costs of these various claims. One due process complaint is awaiting decision (IHRS Case No. 98058) from the independent hearing officer. Depending on the ruling, the District or the parents' attorney could file an appeal with the SRO and then to federal district court for possible further appeal of the decision for the SRO.

There are various personal injury claims pending against the District which are being defended by various counsel assigned through the District's insurance carrier, NYSIR. NYSIR is covering costs related to the defense of these matters through the insurance policy the District currently has with NYSIR. The District was provided notice that NYSIR is discontinuing coverage effective July 1, 2016 but the District is in the process of securing new insurance. It is the District's understanding that NYSIR will continue to cover all pending cases and claims which arose during the time its coverage was in place.

## **TAX MATTERS**

### ***Opinion of Bond Counsel***

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

### ***Certain Ongoing Federal Tax Requirements and Certifications***

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

## ***Certain Collateral Federal Tax Consequences***

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### ***Original Issue Discount***

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Notes of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel is of the further opinion that, for any Note having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

### ***Note Premium***

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of



any Premium Notes should consult their own tax advisors regarding the treatment of note premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

### ***Information Reporting and Back Up Withholding***

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

### ***Miscellaneous***

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

### ***Absence of Litigation***

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

### ***Legal Matters***

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached hereto in Appendix D to this Preliminary Official Statement.

## ***Closing Certificates***

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

## **DISCLOSURE UNDERTAKING**

In order to assist the purchasers in complying with Rule 15c2-12 with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events for the benefit of holders of and owners of beneficial interests in the Notes, the form of which is attached hereto as Appendix E to this Preliminary Official Statement.

## ***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 District. Due to widespread knowledge of these rating actions, material event notices were not filed by the District in each instance.

## **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 District 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 District 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 District. 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 District did not request a rating of the Notes.

The District's outstanding uninsured bonds are assigned a rating of "Baa2 (Negative Outlook)" by Moody's Investor Service ("Moody's").

Such rating reflects only the view of such organization, and an explanation of the significance of such rating should be obtained only from Moody's at the following address: Moody's Investor Service, 7 World Trade Center, 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 upon request from Valter Paci, Assistant Superintendent of Finance, 105 South Madison Avenue, Spring Valley, New York 10977, (845) 577-6062, e-mail: [vpaci@ercsd.org](mailto:vpaci@ercsd.org) or from the District'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 District and the purchasers or holders of any of the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://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 District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District 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 District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

EAST RAMAPO CENTRAL SCHOOL DISTRICT  
ROCKLAND COUNTY, NEW YORK

By: \_\_\_\_\_  
Yehuda Weissmandl  
President of the Board and Chief Fiscal Officer

DATED: April \_\_, 2017

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**APPENDIX A**

**THE DISTRICT**

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## **THE DISTRICT**

### ***General Information***

East Ramapo Central School District is the second largest school district in Rockland County. Located 25 miles northwest of New York City, in the center of Rockland County, the District encompasses approximately 33 square miles, primarily within the Town of Ramapo, with a small portion situated in the Towns of Clarkstown and Haverstraw. The District encompasses the Villages of Chestnut Ridge, New Hempstead, Kaser, Pomona, Spring Valley and Wesley Hills, plus the unincorporated areas of Hillcrest and Monsey, as well as sections of Haverstraw, New City and Pearl River.

The District is served by a road network which includes the New York State Thruway (I #87), Interstate #287, the Palisades Interstate Parkway, the Garden State Parkway and New York State Routes #17, #45, #202 and #306. There is Conrail freight service and Metro North passenger services within the District.

Orange & Rockland Utilities provides electricity and gas service to residential, commercial and industrial users.

Fire protection is furnished throughout the District by volunteer fire companies and through fire protection districts.

Police protection is provided by local town and village police departments.

Commercial banks located within or in close proximity to the School District include Manufacturers & Traders Trust Co., JPMorgan Chase Bank, Citizens Bank, Citibank, KeyBank, N.A., Union State Bank, Provident Bank, HSBC Bank U.S.A., Capital One Bank, Republic National Bank of New York, ALBANK Commercial, FSB, Wachovia Bank, TD Banknorth, Commerce Bank, and First Union National Bank.

### ***District Organization***

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board of Education. Board members are generally elected for a term of three years, unless filling a vacancy.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

On June 16, 2016, the State Legislature approved legislation providing for greater State fiscal and programmatic oversight of the District. Please see "STATE LEGISLATION – APPOINTMENT OF MONITOR" herein.

### ***Financial Organization***

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, Assistant Superintendent of Finance and the District Clerk.

### ***Financial Statements and Accounting Procedures***

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

***Budgetary Procedure and Recent Budget Votes***

The District’s fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District’s financial plan and enrollment projection are reviewed and updated and the first draft of the next year’s proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District’s budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*The Tax Levy Limit Law*” herein).

The Budget for the 2016-17 fiscal year was approved by a majority of the qualified voters of the District on May 17, 2016 by a margin of 4,544 to 3,615. This budget called for a tax levy increase of 1.69% which was equal to the maximum allowable tax levy increase. See Appendix B for a summary of the 2016-17 budget.

The Budget for the 2015-16 fiscal year was approved by a majority of the qualified voters of the District on May 19, 2015 by a margin of 5,200 to 4,193. This budget called for a tax levy increase of 1.26%.

The Budget for the 2014-15 fiscal year was approved by a majority of the qualified voters by a vote of 2,497 to 2,092 on May 20, 2015. This budget called for a tax levy increase of 2.8% which was equal to the maximum allowable tax levy increase.

The budget for the 2013-14 fiscal year was defeated by the qualified voters on May 21, 2013. The defeated budget proposal included a tax levy increase of 3.13%, equal to the District’s maximum allowable tax levy increase. The board resubmitted a revised budget that included a decrease of \$452,000 in expenditures for vote on June 18, 2013. The revised budget effectively lowered the tax levy increase from 3.13% to 2.8%. Such revised budget was approved by a vote of 4,082 to 2,240.

The budget for the 2012-13 fiscal year was defeated by the qualified voters on May 15, 2012. The Board submitted a revised budget to the voters on June 19, 2012. Such revised budget was approved by a vote of 3,562 to 1,217.

The budget for the 2011-12 fiscal year was defeated by the qualified voters on May 17, 2011, and the District adopted a contingent budget.

***School Enrollment Trends***

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2012-13	8,288	2017-18	8,569
2013-14	8,191	2018-19	8,579
2014-15	8,527		
2015-16	8,539		
2016-17	8,547		

Note: The District also has approximately 18,000 private placement students which utilize the District’s transportation services, textbooks, and special education services.

Source: School District records and estimates



## ***District Facilities***

The District presently operates ten elementary schools, one middle school, two high schools, one special education school, an administration center and a transportation facility.

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year Built</u>
Summit Park Elementary School	K-3	756	1961, 1966
Margetts Elementary School	K-3	756	1964
Hempstead Elementary School	K-6	756	1955, 1964
Grandview Elementary School	K-3	756	1961,1964
Fleetwood Elementary School	K-3	756	1961,1964
Kakiat Elementary	K-3	1,745	1960, 1966, 1982
Lime Kiln Elementary School	4-6	756	1966
Eldorado Elementary School	4-6	756	1969
Elmwood Elementary School	4-6	756	1966
Chestnut Ridge Middle School	7-8	1,114	1970
Pomona Middle School	7-8	1,638	1964, 1966
Spring Valley Senior High School	9-12	1,891	1955,1959,1967, 1982
Ramapo Senior High School	10-12	2,108	1964, 1967

## ***District Employees***

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
82	Association of Educational Secretaries	06-30-2016 <sup>(1)</sup>
22	East Ramapo Building Administrators' Association	06-30-2018
79	East Ramapo Custodial Association	06-30-2020
688	East Ramapo Teachers' Association	06-30-2017
28	New York State Nurses Association	06-30-2016 <sup>(1)</sup>
109	East Ramapo Maintenance, Transportation, Security and Special Employees' Association	06-30-2020
17	Supervisors of Business Services Staff Unit	06-30-2016 <sup>(1)</sup>
96	Teaching Assistants of East Ramapo	06-30-2015 <sup>(1)</sup>
5	East Ramapo Association of Instructional Supervisors	06-30-2015 <sup>(1)</sup>
169	East Ramapo Association of Substitute Teachers	06-30-2018
7	East Ramapo Association of Occupational Therapy Assistants	06-30-2020

(1) Currently under negotiations.

Source: School District Officials.

## ***Employee Benefits***

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. The reform legislation also required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would otherwise make a lower contribution possible.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District amortized such ERS contributions for the 2013-14, 2014-15 and 2015-16 fiscal years.

In Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below.

The TRS SCO deferral plan is available to school districts for a total of seven years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the TRS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the TRS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the TRS SCO plan is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not participated in the TRS SCO plan.

### **Retirement Billing Procedures**

**TRS.** TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

**ERS.** The District's contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the last five fiscal years and as budgeted for the current fiscal year are as follows:

Fiscal Year Ended June 30	ERS	TRS
2012	\$3,087,299	\$ 9,531,329
2013	3,802,482	9,667,968
2014	2,154,769	12,606,832
2015	1,732,360	13,600,704
2016	2,050,812	10,829,755
2017 (Budget)	2,560,271	10,063,639

Source: Audited Financial Statements and Adopted Budget of the District. Summary itself is not audited.

### ***Other Post Employment Benefits***

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such 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 nonpension 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”) will be 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 District account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial valuation will be required every two years for the District. The District is in compliance with the requirements of GASB 45. The District has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of July 1, 2015 was \$304,227,757 and the District’s ARC was \$30,033,817.

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

accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of reserve funds or irrevocable trusts for the funding of OPEB. The District continues funding the expenditure on a pay-as-you-go basis.

Legislation was introduced last year in the State Legislature 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 District can't predict whether the bill will be enacted into law.

### ***Investment Policy***

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Assistant Superintendent of Finance who was required to establish written operating procedures consistent with the District's investment policy guidelines. According to the investment policy of the District, 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 District has designated two banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the District 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 District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (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 District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District 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 District, 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.

**Collateral Requirements.** All District deposits in excess of the applicable insurance coverage provide 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 District's security agreements provide that the aggregate market value of pledged securities must equal or exceed 102% of the deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District 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 of credit may be issued, in favor of the District, 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 District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

## **FINANCIAL FACTORS**

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the most recent five fiscal years is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

### ***Operating Results***

Fiscal Year 2016-2017: The 2016-17 budget of the District passed on May 17, 2016. The budget is balanced without the use of appropriated fund balance or one-shot revenues.

Fiscal Year 2015-2016: The 2015-16 budget of the District passed on May 19, 2015. The budget was balanced without the use of appropriated fund balance or one-shot revenues.

Fiscal Year 2014-2015: The 2014-15 budget of the District passed on May 20, 2014. The District completed the sale of the Colton Elementary School and Hillcrest Elementary School in the fall of 2014. The funds from these sales were used to offset the general fund deficit. As a result, the District eliminated the general fund deficit and had a general fund balance at fiscal year end 2014-15 of \$2,458,255.

Fiscal Year 2013-2014: The budget for the 2013-2014 fiscal year was defeated by the qualified voters on May 21, 2013. The Board resubmitted a revised budget for another vote on June 18, 2013 which passed. The 2013-2014 budget of the District reflected expenditure reductions through layoffs and programmatic adjustments. In addition, the District had expected to sell the Colton School Building and planed for other asset sales as revenue sources for 2013-2014. The sale of these assets was not realized in 2013-14. As of June 30, 2014, the District recognized an operating surplus of \$650,189; resulting in unassigned fund balance of negative \$7,027,250 and a reserved fund balance of \$365,130.

Fiscal Year 2012-2013: In response to the 2011-2012 financial results, the Board of Education replaced members of its financial management team. The District determined that its 2012-2013 budget provided insufficient appropriation for certain expenditures, including BOCES special education costs, transportation, employee benefits, and legal costs due to lawsuits not defended through the District's liability carrier. The District made some expenditure reductions through layoffs and programmatic adjustments, however, the budgetary deficiencies resulted in an excess of expenditures over revenues of \$7,253,263. As of June 30, 2013, unassigned fund balance was negative \$7,972,214 and nonspendable and restricted fund balance was \$1,526,725.

On March 27, 2013, the District issued a \$7,412,491 School District Budget Note-2013 (the “Budget Note”) to provide funds to meet expenditures for which an insufficient or no provision has been made in the District’s 2012-2013 Annual Budget. The Budget Note matured on November 15, 2013.

Fiscal Year 2011-2012: Due to the underfunding of a significant number of budget codes, delays in implementing planned personnel reductions, and underfunding of certain programs, such as special education services, which did not take into account new student enrollment, expenditures exceeded revenues in the 2011-2012 fiscal year, all of which contributed to a reduction of fund balance. As of June 30, 2012, budgetary deficiencies resulted in an excess of expenditures over revenues of \$13,188,955; resulting in unassigned fund balance of negative \$856,158 and nonspendable and restricted fund balance of \$1,641,038.

Fiscal Year 2010-2011: The District’s results from 2010-2011 operations showed an unassigned fund balance of \$1,547,132 as of June 30, 2011. There was a restricted and assigned fund balance \$12,678,014 as of June 30, 2011.

***Real Property Taxes***

The District derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” herein).

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years, and real property tax revenues budgeted for the two most recent fiscal years.

**Property Taxes**

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Real Property Taxes</u> <sup>(2)</sup>	<u>Real Property Taxes To Revenues</u>
2012	\$187,008,674	\$134,289,244	71.8%
2013	193,432,811	137,000,654	70.8
2014	200,300,001	140,980,322	70.4
2015	210,492,427	145,166,836	69.0
2016	219,396,569	146,968,267	67.0
2017 (Budget)	224,364,070	149,255,638	66.5

(1) General Fund only.

(2) Inclusive of Other Tax Items, which represents STAR tax payments made to the District by the State. (See “*STAR - School Tax Exemption*,” herein).

Source: Audited Financial Statements and Adopted Budgets of the District. This summary is not audited.

***State Aid***

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

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

**State Aid**

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenues</u>	<u>State Aid<sup>(1) (2)</sup></u>	<u>State Aid to Revenue</u>
2012	\$187,008,674	\$46,959,504	25.1%
2013	193,432,811	49,602,465	25.6
2014	200,300,001	54,588,200	27.3
2015	210,492,427	59,469,291	28.3
2016	219,396,569	66,511,944	30.3
2017 (Budget)	224,364,070	67,621,005	30.1

(1) Includes Federal aid.

(2) Inclusive of Other Tax Items, which represents STAR tax payments made to the District by the State.

Source: Annual audited financial statements and the Annual School Budget for fiscal year 2014-15.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (see “*STAR-School Tax Exemption*”). The District has received timely STAR aid from the State for the current fiscal year.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or other circumstances including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore.

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

***Events Affecting New York School Districts***

*School district fiscal year (2011-2012):* The total reduction in State aid for school districts’ 2011-2012 fiscal year was \$1.3 billion or 6.1 percent from the previous year, and all aid was received on time.

*School district fiscal year (2012-2013):* The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of \$751 million in State aid for school districts.

*School district fiscal year (2013-2014):* The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

*School district fiscal year (2014-2015):* The State Legislature adopted the State budget on March 31, 2014. The budget included an increase of \$1.1 billion in State aid for school districts.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$6,105,668.

*School district fiscal year (2015-2016):* The State Legislature adopted the State budget on March 31, 2015. The budget includes an increase of \$1.4 billion in State aid for school districts that is tied to changes in the teacher evaluation and tenure process. School districts must obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget includes an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consists of traditional operating aid. In addition to the \$408 million of expense based aid, the Governor's budget includes a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase includes \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA results in a reduction from the State aid originally due to the District under existing State aid formulas. The District's State aid has been reduced as a result of the GEA program each year since 2009. State budgets in certain subsequent years have decreased the amount of the GEA deduction and the Adopted Budget for the State's 2016-2017 fiscal year includes a restoration of the aid previously cut by the GEA.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financings of the Municipalities of the State*" herein).

### ***Other Revenues***

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

### ***Independent Audits***

The District retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2016. Appendix B, attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

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



## REAL PROPERTY TAXES

### *Real Property Tax Assessments and Rates*

	<b>Fiscal Year Ending June 30:</b>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Values:					
Clarkstown	\$316,166,565	\$315,842,665	\$316,086,646	\$316,676,910	\$318,082,181
Haverstraw	481,782,146	441,396,783	439,783,910	438,270,397	435,505,929
Ramapo	<u>1,040,717,331</u>	<u>1,045,494,141</u>	<u>1,058,584,920</u>	<u>1,059,959,242</u>	<u>1,069,839,659</u>
Total Assessed Values	<u>\$1,838,666,042</u>	<u>\$1,802,733,589</u>	<u>\$1,814,455,476</u>	<u>\$1,814,906,549</u>	<u>\$1,823,427,769</u>
Equalization Rates: <sup>(1)</sup>					
Clarkstown	32.50%	34.00%	34.00%	34.00%	33.25%
Haverstraw	107.75	105.50	107.50	107.50	103.19
Ramapo	14.95	15.39	15.84	15.84	13.57
Full Values:					
Clarkstown	\$972,820,200	\$928,949,015	\$929,666,606	\$959,627,000	\$956,638,138
Haverstraw	447,129,602	418,385,576	409,101,312	407,693,393	422,042,765
Ramapo	<u>6,961,319,940</u>	<u>6,793,334,250</u>	<u>6,682,985,606</u>	<u>7,299,994,780</u>	<u>7,884,006,330</u>
Total Full Values	<u>\$8,381,269,742</u>	<u>\$8,140,668,841</u>	<u>\$8,021,753,524</u>	<u>\$8,667,315,173</u>	<u>\$9,262,687,233</u>
Tax Rate Per \$1,000 AV:					
Clarkstown	\$50.31	\$50.88	\$53.06	\$51.21	\$48.38
Haverstraw	15.17	16.40	16.78	15.72	15.59
Ramapo	109.37	112.42	113.89	116.383	118.533
Annual Tax Levy <sup>(2)</sup>	<u>\$137,048,159</u>	<u>\$140,845,427</u>	<u>\$144,714,597</u>	<u>\$146,776,896</u>	<u>\$149,255,638</u>
Uncollected	<u>\$412,243</u>	<u>\$203,411</u>	<u>\$201,524</u>	<u>Not Available</u>	<u>Not Available</u>
Percent Uncollected	<u>0.3%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>Not Available</u>	<u>Not Available</u>

(1) The equalization rates presented are the final equalization rates established by the State Board.

(2) Does not include taxes levied for public library purposes.

### ***Tax Limit***

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the amount of real property taxes that a school district may levy. (See “*The Tax Levy Limit Law*” herein.)

### ***The Tax Levy Limit Law***

Chapter 97 of the Laws of 2011, as amended, (herein referred to as the “Tax Levy Limit Law” or “Law”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Notes) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*Nature of Obligation*" herein).

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

### ***Tax Collection Procedures***

The real property taxes of the District are collected by the respective receivers of taxes of each of the Towns in the District. Such taxes are due and payable on September 1, but may be paid without penalty through September 30. There are additional penalties upon taxes paid during October. By November 15, uncollected school taxes are reported to the County for collection and payment, and by April 1 the County is required to pay the full amount of such taxes to the District. Additionally, the County remits to the District between November 15 and April 1, monies which it has received from the State constituting school tax levies upon State land within the District. Thus, the full amount of the District's real property tax levy is collected by the District in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes in order to reimburse any uncollected taxes to the District.

The District is not responsible for the collection of taxes of any other unit of government. The Town of Clarkstown collects the library taxes for the New City Library and West Nyack Library, which are forwarded to the District and then paid by the District to the respective libraries.

### ***STAR - School Tax Exemption***

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Approximately 11.2% of the District's 2015-16 school tax levy was exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State. Based on information furnished to the District, approximately 11.4% of the District's 2016-2017 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State by January 1, 2017. (See "*State Aid*" herein).

## Ten of the Largest Taxpayers

### 2016-2017 Fiscal Year

<u>Taxpayer</u>	<u>Classification</u>	<u>Full Valuation</u>	<u>% of Total Assessed Valuation (2)</u>
Orange and Rockland	Utility	244,435,230	2.64%
United Water	Utility	153,124,715	1.65
County of Rockland IDA		70,800,900	0.76
State of NY	Park Lands	38,229,484	0.41
Gould Palisades Corp.	Real Estate	35,548,200	0.38
Spring Valley Marketplace	Shopping Ctr	31,127,819	0.34
JHW Construction	Real Estate	27,726,602	0.30
PAR Pharmaceutical	Pharmaceutical	27,081,061	0.29
Verizon	Utility	25,048,165	0.27
Berk-Cohen Assoc.	Real Estate	20,350,800	0.22
Total		<u>\$673,472,976</u>	<u>7.27%</u>

(1) Taxpayer has open tax certiorari claim (See “*Litigation*” for a general discussion of such matters).

(2) Total full value for the 2016-17 fiscal year is \$9,262,687,233.

## DISTRICT INDEBTEDNESS

### *Constitutional Requirements*

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

**Purpose and Pledge.** The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District 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 periods of probable usefulness of the objects or purposes determined by statute or the weighted average period of usefulness of the several objects or purposes contracted therefor; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District 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, bond anticipation notes and capital notes.

**General.** The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See “*Nature of the Obligation*” and “*The Tax Levy Limit Law*” herein).

## ***Statutory Procedure***

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specification for such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Notes.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

**Debt Limit.** Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

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

## ***Statutory Debt Limit and Net Indebtedness***

The following table sets forth the computation of the debt limit of the District and its debt contracting margin.

Full Valuation of Taxable Real Property	<u>\$9,262,687,233</u>
Debt Limit (10% of Full Valuation)	<u><u>\$926,268,723</u></u>

### **Computation of Constitutional Debt Contracting Limitation as of April 2, 2017**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation:	<u>\$926,268,723</u>	<u>100.00%</u>
Gross Indebtedness <sup>(1)</sup> :		
Serial Bonds	<u>6,680,000</u>	<u>0.72</u>
Total Gross Debt	6,680,000	0.72
Exclusions and Deductions <sup>(2)</sup>	<u>-0-</u>	<u>0.00</u>
Net Indebtedness	<u>6,680,000</u>	<u>0.72</u>
Net Debt Contracting Margin	<u><u>\$919,588,723</u></u>	<u><u>99.28%</u></u>

(1) Does not include energy performance contract lease outstanding in the amount of \$1,136,529 as of June 30, 2016.

(2) The District estimates that it will receive approximately \$3.6 million of State school building aid for outstanding capital debt. Such estimate, however, has not been certified by the State and, therefore, no deduction has been taken to compute the District's debt limit.

## ***Short-Term Indebtedness***

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

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

### ***Tax Anticipation Notes***

The following details the tax anticipation notes issued since for the last 5 fiscal years/

<u>Fiscal Year Ended June 30:</u>	<u>Issue Date</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>
2013	06-26-12	\$15,000,000	10-26-12
2014	06-27-13	17,000,000	10-26-13
2015	07-01-14	17,000,000	10-27-14
2016	07-20-15	15,000,000	10-29-15
2017	07-13-16	15,000,000	10-28-16

### ***Revenue Anticipation Notes***

During the last five fiscal years the District issued two revenue anticipation notes as follows.

<u>Fiscal Year Ended June 30:</u>	<u>Issue Date</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>
2010	06-18-09	\$5,000,000	06-18-10
2014	06-24-14	2,000,000	10-24-14

### ***Bond Anticipation Notes***

The District currently has no bond anticipation notes outstanding.

### ***Budget Notes***

During the last five fiscal years the District issued one budget note as follows.

<u>Fiscal Year Ended June 30:</u>	<u>Issue Date</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>
2013	03-27-13	\$7,412,491	11-15-13

### ***Energy Performance Contracts***

In May 2006, the District entered into two contractual agreements to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contracts provide for repayment over ten years, with one contract including interest at 3.85% and the other contract including interest at 4.16%. The balance due on these contracts at June 30, 2016 was \$1,369,529.

### ***Trend of Capital Indebtedness***

The following table sets forth the capital indebtedness outstanding at the end of each of the last five fiscal years.

	<b><u>Fiscal Year Ending June 30:</u></b>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonded Indebtedness	\$14,385,000	\$12,789,873	\$10,894,873	\$8,845,000	\$6,680,000
Energy Performance Contract	<u>5,740,070</u>	<u>4,758,133</u>	<u>3,737,231</u>	<u>2,239,018</u>	<u>1,369,529</u>
Total Outstanding Indebtedness	<u>\$20,125,070</u>	<u>\$17,548,006</u>	<u>\$14,632,104</u>	<u>\$11,084,018</u>	<u>\$8,049,529</u>

### ***Overlapping and Underlying Debt***

In addition to the District, the following political subdivisions have the power to issue notes and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated net outstanding indebtedness (bonds and notes) of such political subdivisions, based on information furnished by such entities, but not independently verified, is as follows:

#### **Statement of Direct and Overlapping Indebtedness** **As of April 2, 2017**

Gross Direct Indebtedness				\$6,680,000
Exclusions and Deductions				<u>0</u>
Net Direct Indebtedness				<u>\$6,680,000</u>
<b><u>Overlapping Units</u></b>	<b><u>Date of Report</u></b>	<b><u>Net Outstanding Indebtedness</u></b>	<b><u>Percentage Applicable</u></b>	<b><u>Applicable Net Indebtedness</u></b>
County of Rockland	10-13-16	\$519,356,000	24.61	\$127,813,512
Towns of:				
Clarkstown	08-30-16	109,804,541	7.71	8,465,930
Haverstraw	06-27-15	37,110,000	15.15	5,622,165
Ramapo	10-01-15	116,245,000 <sup>(1)</sup>	65.87	76,570,582
Villages of:				
Chestnut Ridge	05-31-15	995,000	100.00	995,000
New Hempstead	05-31-15	0	100.00	0
New Square	05-31-15	457,129	100.00	457,129
Pomona	05-31-15	580,000	100.00	580,000
Spring Valley	05-31-15	12,575,000	100.00	12,575,000
Wesley Hills	05-31-13	655,000	100.00	<u>655,000</u>
Total				<u>\$233,734,318</u>

(1) Represents gross indebtedness.

Source: MSRB Electronic Municipal Market Access system and Office of the State Comptroller.

## ***Debt Ratios***

The following table sets forth certain debt ratios relating to the District's indebtedness as of April 2, 2017.

	<u>Amount</u>	<u>Debt Per Capita (1)</u>	<u>Debt to Estimated Full Value (2)</u>
Net Direct Debt	\$ 6,680,000	\$57	.07%
Net Direct and Overlapping Debt	240,414,317	2,034	2.60

(1) The District's population is 118,221 according to 2015 Estimated Census information.

(2) The District's full valuation of taxable real estate for fiscal Year 2016-17 is \$ 9,262,687,233

## ***Authorized and Unissued Debt***

On December 6, 2016, District voters approved a \$58,019,350 million capital projects bond to update ageing infrastructure and \$1,127,920 to replace windows and doors at Kakiat and Fleetwood elementary schools which will be funded with EXCEL grant funds. After the issuance of the Notes, the District will have \$40,056,850 of authorized and unissued debt for capital projects which it expects to issue over the next two to three years.

## ***Debt Service Schedule***

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness.

<u>Debt Service on Outstanding General Obligations:</u>				
Years Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Cumulative % Principal Paid</u>
2017 (1)	2,225,000	220,863	2,445,863	33.3%
2018	705,000	126,325	831,325	43.9
2019	630,000	107,650	737,650	53.3
2020	645,000	90,325	735,325	62.9
2021	665,000	72,588	737,588	72.9
2022	685,000	54,300	739,300	83.2
2023	705,000	33,750	738,750	93.7
2024	320,000	12,600	332,600	98.5
2025	100,000	3,000	103,000	100.0
	<u>\$6,680,000</u>	<u>\$721,401</u>	<u>\$7,401,401</u>	

(1) As of April 2, 2017, the District has paid \$0 in principal and \$110,431 in interest due on serial bonds for the fiscal year ending June 30, 2017.



## ECONOMIC AND DEMOGRAPHIC DATA

### *Population*

#### Population Trend

	2000	2010	2015	% Change	
				2000-2010	2010-2015
Town of Ramapo	108,905	126,595	131,648	16.2%	4.0%
County	286,753	311,687	320,668	8.7	2.9
State	18,976,457	19,378,102	19,673,174	2.1	1.5

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

### *Income*

#### Per Capita Money Income

	2010	2015	% Change
Town of Ramapo	\$27,345	\$25,046	(8.4)%
County	34,304	34,647	1.0
State	30,948	33,236	7.4

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

#### Median Income of Families 2015

Median Income	Income Groups - % of Families					
	Under \$25,000	\$25,000 -49,999	\$50,000 -74,999	\$75,000 -99,999	\$100,00 Or More	
Town of Ramapo	\$75,853	19.4%	16.7%	13.4%	13.2%	37.3%
County	98,801	12.1	12.7	12.0	13.7	49.5
State	71,913	16.0	19.1	16.8	13.2	34.9

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey – 5 Year Estimate).

### *Employment*

#### Average Employed Civilian Labor Force 2000-2016

	2000	2010	2016	% Change	
				2000-2010	2010-2016
Town of Ramapo	46,900	50,700	54,500	8.1%	7.5%
County	139,300	138,800	146,100	(3.6)	5.2
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 of Ramapo</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2012	6.9%	7.3%	8.5%	8.1%
2013	5.8	6.3	7.7	7.4
2014	4.7	5.1	6.3	6.2
2015	4.2	4.6	5.3	5.3
2016	3.8	4.2	4.8	4.9
2017 <sup>(1)</sup>				
Jan	3.8	4.3	4.9	5.1
Feb	4.2	4.5	5.1	5.2

(1) Monthly Rates.  
Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

**Larger Commercial and Industrial Employers in the County**

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Bon Secours Good Samaritan Hospital	Hospital	1,700
Nyack Hospital	Hospital	1,650
Hamaspek of Rockland County	Health Services	1,340
Wyeth-Ayerst Laboratories <sup>(1)</sup>	Pharmaceuticals	1,352
Rockland Psychiatric Center	Health Care	1,231
Jawonio, Inc.	Health Care	1,050
Nice-Pak Products, Inc.	Paper Manufacturing	960
Helen Hayes Hospital	Hospital	920
Verizon Wireless	Communications	850
Northern Services Group	Nursing Home	832
St. Dominic's Home	Nursing Home	820
Orange & Rockland Utilities	Public Utility	781
A & T Healthcare	Health Care	760
Camp Venture, Inc.	Health Services	675
ARC of Rockland	Health Care	650
Community Home Health&Aide Svc, Inc	Health Care	600
Lamont-Doherty Geological Observatory	Earth Sciences Research	560
Hudson Valley Dev Disabilities Services	Health Services	557
Novartis Pharmaceuticals Corp. <sup>(2)</sup>	Pharmaceuticals	452
Par Pharmaceutical, Inc.	Pharmaceuticals	429
Chestnut Ridge Transportation, Inc.	Transportation	426
Rockland Bakery Inc.	Commercial	400
Nathan S. Kline Inst. for Psych. Research	Health Services	350
Friedwald Center for Rehab & Nursing	Health Services	340
Active International	Support Services	340

- (1) On October 15, 2009, Pfizer Pharmaceuticals ("Pfizer") acquired Wyeth-Ayerst Laboratories. Pfizer has begun to downsize its manufacturing operations at its Pearl River plant, which is located within the County. Pfizer plans on downsizing 1,250 jobs at its Pearl River plant by 2014. As of June 30, 2014, Pfizer employed 1,510 in the County.
- (2) In January 2014, Novartis Pharmaceuticals announced it will phase out its Suffern production plant over the next three years with the plant expected to be closed down completely in 2017. The company's decision to cease operations in the County is a direct result of patent expiration of one of Novartis's key medications, Diovan, which has led to an excess of manufacturing capacity globally and not reflective of local economic concerns. The County is working with Novartis Pharmaceuticals and the Rockland Economic Development Corporation to help displaced workers and find a buyer for the site.

Source: The Rockland County Official Statement dated April 20, 2016.

## Housing Data

The following tables present information for the Towns of Haverstraw and Stony Point, the County and the State is not necessarily representative of the District as a whole.

### Housing Stock 2000 - 2015

	Number of Units			% Change	
	2000	2010	2015	2000-2010	2010-2015
Town of Ramapo	32,422	36,754	37,023	13.4%	0.7%
County	94,973	104,057	104,442	9.6	0.4
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 Rentals 2015

	% Constructed 2010-2015	Median Value	Median Rent	Occupancy Status		
		Owner Occupied Units	Renter Occupied Units	Owner Occupied	Renter Occupied	Vacant
Town of Ramapo	2.2%	\$400,500	\$1,264	54.7%	38.7%	6.6%
County	1.3	419,400	1,335	65.2	29.4	5.4
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**

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**APPENDIX B**

**UNAUDITED SUMMARY OF BUDGETS, FINANCIAL STATEMENTS AND  
CASH FLOW STATEMENTS**

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EAST RAMAPO CENTRAL SCHOOL DISTRICT  
GENERAL FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

	As of June 30:				
	2012	2013	2014	2015	2016
<b>ASSETS</b>					
Cash And Equivalents	\$ 17,655,864	\$ 26,382,070	\$ 8,238,536	\$ 14,602,852	\$ 15,230,990
Investments	42,742	40,561	40,574	40,589	40,654
Receivables:					
Accounts	792,554	992,794	229,925	624,536	668,402
State and Federal Aid	3,483,715	3,884,420	4,002,327	2,805,969	2,900,485
Due From Other Governments	1,192,051	642,781	770,126	841,060	355,096
Advances To Other Funds	669,617	669,617	263,586	230,886	170,886
Due From Other Funds	9,196,587	6,669,639	5,815,258	7,561,699	8,881,243
Due From Fiduciary Funds	0	0	0	0	0
Prepaid Expenditures	0	0	0	0	0
	<b>\$ 33,033,130</b>	<b>\$ 39,281,882</b>	<b>\$ 19,360,332</b>	<b>\$ 26,707,591</b>	<b>\$ 28,247,756</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts Payable	\$ 4,181,474	\$ 8,495,288	\$ 8,453,908	\$ 7,268,569	\$ 8,727,366
Accrued Liabilities	1,309,233	1,282,467	966,713	875,795	1,198,579
Due to Other Governments	0	253,834	68,150	68,150	68,150
Due To Other Funds	485,215	0	0	0	0
Unearned Revenues	0	0	67,709	140,479	145,650
Deposits Payable	0	0	427,878	0	0
Notes Payable	15,000,000	24,412,491	2,000,000	0	0
Due To Retirement System	11,272,328	11,283,291	14,038,094	15,896,343	12,949,721
	<b>32,248,250</b>	<b>45,727,371</b>	<b>26,022,452</b>	<b>24,249,336</b>	<b>23,089,466</b>
Fund Balances (Deficits):					
Nonspendable	669,617	669,617	263,586	230,886	170,886
Restricted	971,421	857,108	101,544	101,715	101,744
Assigned	0	0	0	723,086	735,224
Unassigned	(856,158)	(7,972,214)	(7,027,250)	1,402,568	4,150,436
	<b>784,880</b>	<b>(6,445,489)</b>	<b>(6,662,120)</b>	<b>2,458,255</b>	<b>5,158,290</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 33,033,130</b>	<b>\$ 39,281,882</b>	<b>\$ 19,360,332</b>	<b>\$ 26,707,591</b>	<b>\$ 28,247,756</b>

Beginning with the fiscal year ending June 30, 2011, GASB Statement # 54 required a new categorization of Fund Equity. The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

EAST RAMAPO CENTRAL SCHOOL DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

FOR THE FISCAL YEARS ENDED JUNE 30:

	2012	2013	2014	2015	2016
<b>REVENUES:</b>					
Real Property Taxes	\$ 117,405,135	\$ 119,806,648	\$ 123,791,727	\$ 128,545,097	\$ 130,069,855
Other Tax Items	16,884,109	17,194,006	17,188,595	16,621,739	16,898,412
Charges For Services	1,400,459	1,335,247	1,693,987	1,938,064	2,182,843
Use Of Money And Property	1,421,347	1,513,181	332,819	747,012	650,924
Sale Of Property And Compensation For Loss	137,616	412,892	80,568	79,810	136,138
State Aid	46,959,504	49,602,465	54,588,200	59,469,291	66,511,944
Federal Aid	647,176	1,205,106	985,010	828,840	1,076,579
Miscellaneous	2,153,328	2,363,266	1,639,095	2,262,574	1,869,874
<b>Total Revenues</b>	<b>187,008,674</b>	<b>193,432,811</b>	<b>200,300,001</b>	<b>210,492,427</b>	<b>219,396,569</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	17,780,880	18,460,015	17,704,593	19,447,963	18,164,697
Instruction	110,468,392	108,256,865	106,962,705	111,208,875	116,060,733
Pupil Transportation	25,732,539	25,827,023	25,735,253	28,649,561	31,139,051
Community Service	110,266	126,043	67,205	72,706	74,096
Employee Benefits	42,988,448	44,299,721	45,499,188	47,455,694	47,086,279
Capital Outlay	0	0	0	0	0
Debt Service	3,117,104	3,716,407	3,680,868	4,245,947	3,505,124
<b>Total Expenditures</b>	<b>200,197,629</b>	<b>200,686,074</b>	<b>199,649,812</b>	<b>211,080,746</b>	<b>216,029,980</b>
Excess of Revenues Over Expenditures	(13,188,955)	(7,253,263)	650,189	(588,319)	3,366,589
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds Issued	0	364,873	0	0	0
Sale of Real Property	0	0	0	10,062,620	0
Operating Transfers - In	300,000	100,000	100,000	212,603	216,566
Operating Transfers - Out (a)	(551,313)	(441,979)	(966,820)	(566,529)	(883,120)
<b>Total Other Financing Sources (Uses)</b>	<b>(251,313)</b>	<b>22,894</b>	<b>(866,820)</b>	<b>9,708,694</b>	<b>(666,554)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(13,440,268)	(7,230,369)	(216,631)	9,120,375	2,700,035
Fund Equity - Beginning of Year	14,225,148	784,880	(6,445,489)	(6,662,120)	2,458,255
<b>Fund Equity - End of Year</b>	<b>784,880</b>	<b>(6,445,489)</b>	<b>(6,662,120)</b>	<b>2,458,255</b>	<b>5,158,290</b>

(a) Includes transfer to the Debt Service Fund and Capital Fund

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

Such presentation, however, has not been audited.

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



EAST RAMAPO CENTRAL SCHOOL DISTRICT  
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS  
GENERAL FUND (1)

	Adopted Budget 2015-2016	Adopted Budget 2016-2017
	<u>                    </u>	<u>                    </u>
<b>ESTIMATED REVENUES:</b>		
Tax Levy	\$ 146,776,896	\$ 149,255,638
State Aid	64,260,433	67,621,005
PILOT	367,441	368,403
Day School Tuition- Other NYS Districts	1,350,000	1,993,426
Tuition Aid for Students with Disabilities	2,100,000	1,573,000
Health Services for Other Dist. Students	235,000	465,000
Interest and Earnings	50,000	75,000
Rentals	485,944	254,696
Use of Facilities	-	305,000
Insurance Recoveries	25,000	-
Workers Comp. Reimbursement	46,000	70,000
Prior Year Refunds	822,000	720,000
Other Unclassified Revenues	591,371	650,000
Medicaid	900,000	800,000
Interfund Transfer	216,566	212,902
	<u>                    </u>	<u>                    </u>
TOTAL REVENUES	218,226,651	224,364,070
	<u>                    </u>	<u>                    </u>
<b>APPROPRIATED FUND BALANCE</b>	<u>                    0</u>	<u>                    0</u>
	<u>                    </u>	<u>                    </u>
TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE	<u>218,226,651</u>	<u>224,364,070</u>
	<u>                    </u>	<u>                    </u>
<b>APPROPRIATIONS:</b>		
General Support	19,698,565	20,297,166
Education	115,794,022	118,649,574
Transportation	29,082,780	30,852,183
Home and Community Service	77,364	77,364
Employee Benefits	50,061,296	51,007,321
Debt Service	3,512,624	3,480,462
	<u>                    </u>	<u>                    </u>
TOTAL APPROPRIATIONS	<u>\$ 218,226,651</u>	<u>\$ 224,364,070</u>

(1) Does not include prior year encumbrances

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**APPENDIX C**

**INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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

<http://emma.msrb.org/ES990295-ES775180-ES1176498.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 District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

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## FORM OF BOND COUSEL OPINION

April 28, 2017

The Board of Education of  
East Ramapo Central School District,  
in the County of Rockland New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the East Ramapo Central School District (the "School District"), in the County of Rockland, a school district of the State of New York in connection with the authorization, sale and issuance of the \$19,090,420 Bond Anticipation Notes for Various School Purposes- 2017 (the "Notes"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Notes for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax representations described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the School District will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and

certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated in paragraphs 2 and 3 above, we express no opinion as to any other federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. Further, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of the interest on the Notes, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Notes, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement, Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in said Notes.

Very truly yours,



**APPENDIX E**

**FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS**

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## UNDERTAKING TO PROVIDE NOTICES OF EVENTS

### Section 1. Definitions

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

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

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean East Ramapo Central School District, in the County of Rockland, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of April 28, 2017.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$19,090,420 Bond Anticipation Notes for Various School Purposes - 2017, dated April 28, 2017, maturing on April 27, 2018, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

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

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

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

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **April 28, 2017**.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT**

By \_\_\_\_\_  
President of the Board of Education and Chief Fiscal Officer

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