

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 28, 2018

**NEW ISSUE
SERIAL BONDS**

**RATING: SEE “RATING” HEREIN
BOOK-ENTRY-ONLY**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds 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 Town, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof, including The City of New York. See “Tax Matters” herein.

The Town WILL designate the Bonds as “qualified tax-exempt obligations” pursuant to the provision of Section 265(b)(3) of the Code.

**TOWN OF EASTCHESTER
WESTCHESTER COUNTY, NEW YORK**

\$4,696,840*
VARIOUS PURPOSES SERIAL BONDS – 2018
(the “Bonds”)

Dated Date: Date of Delivery

Maturity Date: July 15, 2019-2033

The Bonds are general obligations of the Town of Eastchester, Westchester County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein.)

The Bonds will be dated the date of delivery, will bear interest from such date payable July 15, 2019 and semiannually thereafter on each January 15 and July 15 until maturity and will mature on July 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity as described herein. (See “Optional Redemption” herein.)

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

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served a Municipal Advisor to the Town in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the offices of DTC on or about July 19, 2018.

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

Dated: July __, 2018

* Preliminary, subject to change.

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 these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The Bonds will mature on July 15 in the years and amounts, subject to optional redemption, as set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
2019	\$271,840	%	%	2027**	\$315,000	%	%
2020	270,000			2028**	325,000		
2021	275,000			2029**	335,000		
2022	285,000			2030**	345,000		
2023	290,000			2031**	350,000		
2024	295,000			2032**	360,000		
2025	300,000			2033**	370,000		
2026	310,000						

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

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

**TOWN OF EASTCHESTER
WESTCHESTER COUNTY, NEW YORK**

**ANTHONY S. COLAVITA
Supervisor**

TOWN BOARD

Luigi V. Marcoccia Councilman
Glenn D. Bellitto Councilman
Joseph D. Dooley Councilman
Theresa V. Nicholson Councilwoman

Dawn T. Donovan Town Comptroller
Linda Laird Town Clerk
Rocco N. Cacciola Receiver of Taxes
Louis J. Reda, Esq. Town Attorney

BOND COUNSEL
HAWKINS DELAFIELD & WOOD LLP
New York, New York

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 570-0340

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

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OFFICIAL STATEMENT
TOWN OF EASTCHESTER
WESTCHESTER COUNTY, NEW YORK

relating to

\$4,696,840*
VARIOUS PURPOSES SERIAL BONDS – 2018

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Eastchester, in the County of Westchester, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$4,696,840* Various Purposes Serial Bonds - 2018 (the “Bonds”).

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

THE BONDS

Description

The Bonds will be dated their date of delivery, will bear interest from such date payable on July 15, 2019 and semiannually thereafter on each January 15 and July 15 until maturity and will mature on the dates, in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof except for one necessary odd denomination in the first maturity of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds.

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

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law, the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates.

* Preliminary, subject to change.

The Bonds are being issued for the following purposes:

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Authorized</u>	<u>Amount to Bonds</u>
Large Dump Truck	03/20/2018	\$ 210,000	\$ 210,000
Sewer Truck	03/20/2018	145,000	145,000
Roller	03/20/2018	45,000	45,000
LED Street Lights	03/20/2018	300,000	300,000
Sidewalk & Curb Replace	03/20/2018	175,000	175,000
Street Resurfacing	03/20/2018	650,000	650,000
Playground Fibar	03/20/2018	25,000	25,000
Traffic Paint Machine	03/20/2018	10,000	10,000
LED Lights	03/20/2018	15,000	15,000
Garth Road Basketball	03/20/2018	11,840	11,840
Dunwoodie Field	03/20/2018	100,000	100,000
Solar Power Street Signs	03/20/2018	20,000	20,000
Shade For Patio	03/20/2018	15,000	15,000
Netting	03/20/2018	30,000	30,000
Shade for Pool Area	03/20/2018	35,000	35,000
Community Center	03/20/2018	2,750,000	2,750,000
Haindl FieldHouse	11/01/2016	85,000	85,000
Gold Course Bunkers	03/20/2018	<u>75,000</u>	<u>75,000</u>
Totals:		<u>\$ 4,696,840</u>	<u>\$ 4,696,840</u>

Optional Redemption

The Bonds maturing on or before July 15, 2026 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after July 15, 2027 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after July 15, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Nature of Obligation

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

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable

real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein.)

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town’s power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein.)

Book-Entry-Only System

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

Source: The Depository Trust Company

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Town default in the payment of principal or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds are general obligation contracts between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or 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 of or interest on the Bonds at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. 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 bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town 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 Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds, the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an ad valorem tax, upon all taxable property of the Town subject to taxation by the Town sufficient to pay the principal of and interest on the Bonds 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 Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds 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 Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town 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 bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may 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 bondholders and/or 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 Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' right and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town 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 Bonds. The Bankruptcy Code contains provision intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provision of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptions situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State, Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion,

interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The State has consent (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporation to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

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

The above reference to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

FINANCIAL CONTROL BOARDS

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request or has it applied to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance. As of the date hereof, the Town has not applied for FRB assistance.

MARKET FACTORS

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

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

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

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

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

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

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

LITIGATION

Various notices of claim have been filed with the Town. The allegations set forth in the claims relate to various circumstances including personal injury and administrative determinations by Town officials. Certain claims assert money damages while others seek a specific action or forbearance on the part of the Town.

In the opinion of the Town Attorney, the resolution of such various other claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Such matters are immaterial or adequately covered by existing insurance coverage. Pursuant to the Local Finance Law, the Town is authorized to issue debt to finance judgments and claims, if necessary.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds 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 Tax Certificate of the Town (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, 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 Town and others in connection with the Bonds, and Bond Counsel has assumed compliance by the Town with certain 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 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds 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 Bonds. 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 Bonds, 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 Bonds in order that interest on such Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government.

Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds 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 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a the Bonds. 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 Bonds.

Prospective owners of the Bonds 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 Bonds 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 Bond (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 Bonds 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 Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “tax-exempt Discount Bond”), OID that has accrued and is properly allocable to the owners of the tax-exempt Discount Bonds 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 Bonds.

In general, under Section 1288 of the Code, OID on a tax-exempt Discount Bond 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 tax-exempt Discount Bond. An owner’s adjusted basis in a tax-exempt Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such tax-exempt Discount Bond. 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 tax-exempt Discount Bond even though there will not be a corresponding cash payment.

Owners of Bonds 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 tax-exempt Discount Bonds.

Bond Premium

In general, if an owner acquires the Bonds 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 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of

the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond 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 Premium Bond). An owner of a tax-exempt Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a Premium Bond, if the bond 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 Bond may realize a taxable gain upon disposition of the Premium Bond 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 Bond should consult their own tax advisors regarding the treatment of bond 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 bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest on tax-exempt obligations, including the Bonds. 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 the Bonds 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 Bonds 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 Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds 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 Bonds.

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Bonds, the Town will execute a Certificate to Provide Notices of Events for the Bonds, the form of which is attached hereto as Appendix E.

Continuing Disclosure History

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

The Town has reviewed and modified its continuing disclosure practices to ensure future compliance.

RATING

The Town has applied to Moody’s Investors Services, Inc. (Moody’s) for a rating on the Bonds and such rating is pending at this time.

On July 10, 2017, Moody's reaffirmed its “Aaa” rating on the Town’s outstanding parity debt.

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

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, Great Neck and New York, New York (the “Municipal Advisor”), has served as the independent Municipal Advisor to the Town in connection with this transaction.

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

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Dawn Donovan, Town Comptroller, 40 Mill Road, Eastchester, New York, (914) 771-3330 or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, (516) 570-0340.

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

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

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose. The preparation and distribution of this Official Statement has been authorized by the Supervisor of the Town, as Chief Fiscal Officer thereof.

TOWN OF EASTCHESTER
WESTCHESTER COUNTY, NEW YORK

By: _____
Anthony S. Colavita
Supervisor

DATED: July __, 2018

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town of Eastchester (the “Town”), situated in the southern Westchester County, is located approximately 20 miles north of New York City. It is bordered on the east by the city of New Rochelle, on the north by the Village/Town of Scarsdale, on the west by the city of Yonkers, and on the south by the city of Mount Vernon. In addition to the unincorporated area, the Town encompasses the villages of Bronxville and Tuckahoe.

The primary roads running through the Town include White Plains Road (Route #22), the Bronx River Parkway, and Wilmot Road and Mill Road. Rail service is provided by Metro-North, with stations in the hamlet of Crestwood and the villages of Tuckahoe and Bronxville, providing regular service to and from New York City and points north. The Westchester County Department of Transportation has scheduled bus service available along White Plains Road and Mill Road.

Form of Government

The Town was established as a municipal government in 1664, and is vested with the powers and responsibilities inherent in the operation of a municipal government including the authority to tax real property and incur debt. Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Westchester County Tax Law, a basic feature of which requires that the Town guarantee and enforce the real property taxes levied by the County as well as school districts situated in the Town. The Real Property Tax Law, in part, also governs certain assessment and taxing procedures for the Town. Under Article 3-A of the Town Law, the Town is classified as a suburban town.

Elected and Appointed Officials

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

The Supervisor is the chief executive, administrative and financial officer of the Town and is elected for a two-year term of office with the right to succeed himself/herself. In addition, the Supervisor is a full member of and the presiding officer of the Town Board.

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

The Comptroller and Town Attorney are appointed by the Supervisor and the Town Board. It is the responsibility of the Receiver of Taxes to receive and collect all County, Town and school taxes, and all assessments levied or assessed in the Town.

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

Services and Programs

The Town provides its residents with many of the services traditionally provided by Town governments, including sewer, street maintenance and lighting, snow removal and recreational activities. Education is provided by the Eastchester, Bronxville, and Tuckahoe School Districts. In addition, the County furnishes certain other services.

Fire protection is provided through a town wide fire district, which includes the unincorporated portion of the Town and the Villages of Bronxville and Tuckahoe. The fire district is governed by five fire commissioners and has over 50 full-time paid firefighters, as well as more than 200 volunteers who operate five firehouses. Police protection is provided through a town wide police force of over 50 police officers. Police protection in the Villages of Bronxville and Tuckahoe is provided by their own police forces. Planning and zoning and the financing of Town Courts are provided by the Town. Regulation of building construction and licensing of trades and occupations along with the usual municipal services of recreational facilities and street lighting are all Town functions.

Pursuant to State Law, the County, not the Town, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs.

Investment Policy

The temporary investment of monies held by the Town pending application to Town purposes is permitted by law. The accumulation of Town funds for the purpose of investing in and of itself, however, is not a Town purpose. Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposit accounts or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where principal and interest is guaranteed by the by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the town; (6) obligations of a New York public benefit corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by the either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Town is in compliance with the above permitted investments.

State Aid

The Town receives financial assistance from the State. In its budget for the current year, approximately 5.13% of the revenues of the Town are estimated to be received in the form of State aid. If the state should develop difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by the delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the state, including the Town, may be affected by a delay in the payment of State aid.

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

Employees

The Town provides services through approximately 150 full-time employees, which includes 48 police officers, some of whom are represented by the following units of organized labor.

Employee Contracts

<u>Number of Employees</u>	<u>Contract Organization</u>	<u>Expiration Date</u>
45	Town of Eastchester Police Officer's Union	12/31/16*
3	Town of Eastchester Police Officer's Union Representing Lieutenants and Captains	12/31/16*
81	C.S.E.A. Members	12/31/18

* Under Negotiations

Source: Town Officials

Employee Pension Benefits

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

Pension reform enacted by New York State changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments was changed from December 15 to February 1.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town has made such payments in December for the past five years.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by Chapter 49. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by Chapter 49 in the near-term. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 3%. The new legislation also requires those local governments and school districts, which decide to amortize their pension obligations pursuant to the new law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town did not amortize any portion of its pension payments under this plan.

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

As part of the 2013-14 State budget a pension smoothing option was introduced that would let jurisdictions amortize over seven years some of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs in general for employees across the state. The Town has not participated in this pension smoothing option.

For the five years 2013 through 2017, the Town's contributions to the ERS and PFRS combined were as follows.

<u>Fiscal Year</u>	<u>ERS and PFRS Contribution</u>
2013	\$ 2,418,650
2014	2,649,749
2015	2,335,755
2016	2,225,004
2017	2,232,318

Other Post Employment Benefits

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

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB costs 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 Town account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every 2 years for the Town.

The Town is in compliance with the requirements of GASB 45. The Town has determined that its actuarial accrued liability ("AAL") for OPEB as of January 1, 2017 was \$37,292,994. For financial reporting purposes, the Town has elected to amortize the AAL over 30 years. For the year ended December 31, 2017, the Town's annual OPEB cost was \$3,098,808.

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its actuarial accrued OPEB liability. In addition, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

FINANCIAL FACTORS

Budgetary Procedure

At the end of July, department heads begin preparing the budgets for their respective departments and in August they are sent to the Town Comptroller for review. Revisions may be made and by the beginning of October the budget is reviewed by the Town Board. In November the Town Board holds a meeting on the budget

Subsequent to the public hearing, revisions may be made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum

Independent Audits

The financial statements of the Town are audited by the firm of O'Connor Davies, LLP, independent certified public accountants. Appendix B to this Official Statement presents a summary of the audited financial statements for the fiscal years ended December 31, 2013 through 2017.

Fund Structures and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity, which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are two basic fund types: (1) governmental funds that are used to account for basic services, debt service and capital projects; and (2) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town maintains the following governmental funds: General Fund, Special Revenue Funds consisting of Town Outside Village Fund, Highway Fund, Special Districts Fund, Lake Isle fund (an enterprise fund), Workers Compensation Benefit Fund, Debt Service Fund, Capital Projects Fund, non-major governmental funds consisting of Public Highway Fund, Section 8 Housing Fund, and Special Purposes Fund. The Town also maintains Proprietary Funds and Fiduciary Funds.

Basis of Accounting

The financial statements of the Town are prepared on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded in the accounting period in which they are “measurable” and “available” to finance current operations. Revenues susceptible to accrual include real property taxes, services to other governments, intergovernmental revenues and operating transfers. Expenditures are generally recognized under the modified accrual basis, which is when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the general long-term obligations account group and recognized as an expenditure when due, (2) unmatured interest on general long-term debt which is recognized as an expenditure when due and (3) compensated absences which are charged to expenditures when paid.

Revenues

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance*” in Appendix B herein.) Property taxes accounted for 49.65% of total General Fund revenues, for the fiscal year ended December 31, 2017. (See also “*Tax Levy Limit Law*” herein).

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

Fund Revenues & Real Property Taxes

Fiscal Year <u>Ended December 31:</u>	Total <u>Revenues ⁽¹⁾</u>	Real <u>Property Taxes ⁽¹⁾</u>	Taxes to <u>Revenues</u>
2013	\$19,535,825	\$9,675,819	49.53%
2014	19,706,415	9,831,023	49.89
2015	20,063,675	9,745,479	48.57
2016	21,508,311	10,076,977	46.85
2017	20,328,807	10,093,688	49.65
2018 (Adopted Budget)	20,553,387	10,197,087	49.61

(1) General and Town Outside Village Funds.

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

State Aid. The Town receives financial assistance from the State. Based on audited results, State Aid accounted for approximately 5.13% of the total General Fund revenues of the Town in the 2017 fiscal year. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

State aid accounts for a small portion of the Town’s 2018 budgeted revenues (5.14%) and as a result the Town does not believe any future State aid reductions will have a material adverse effect on the Town.

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

Fund Revenues & State Aid Revenues

Fiscal Year <u>Ended December 31</u>	Total <u>Revenues ⁽¹⁾</u>	<u>State Aid</u>	State Aid <u>to Revenues</u>
2013	\$19,535,825	\$1,527,750	7.82%
2014	19,706,415	1,568,310	7.96
2015	20,063,675	1,875,096	9.35
2016	21,508,311	1,509,090	7.02
2017	20,227,600	1,037,274	5.13
2018 (Adopted Budget)	20,553,387	1,056,774	5.14

(1) General and Town Outside Village Funds.

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

Sales Tax The County presently imposes a 1 1/2% County-wide sales and use tax on all retail sales. This, in addition to the present 4% State sales tax and 3/8% sales tax levied in the Metropolitan Transportation Authority District, provides a minimum combined sales tax in the County of 5 7/8%. In addition, the cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2.5% in the Cities of White Plains, Mount Vernon, New Rochelle, and Yonkers. The cities of Rye and Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities, which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2020. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County that have not imposed sales taxes (50%).

Effective March 1, 2004, the State Legislature authorized an additional 1/2% sales tax for the County to impose in localities other than cities which have their own sales tax. The additional 1/2% sales tax is apportioned between the County (70%), school districts in the County (10%), and towns, villages, and cities in the County, which have not imposed sales taxes (20%). The legislation authorizing the additional 1/2% sales tax expires on May 31, 2020.

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

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

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

The most current applicable report of the State Comptroller designates the Town as "No Designation."

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

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on May 3, 2013. The purpose of the audit was to examine the Court receivables for parking offenses for the period January 1, 2010, to May 31, 2012. The complete report can be obtained from OSC's website.

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TAX INFORMATION

Valuations and Tax Data

The Town derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the Constitution of the State of New York. The Town is responsible for levying taxes for operating purposes and debt service.

The following table shows the trend during the last five years for taxable assessed valuations, state equalization ratios, full valuations, real property taxes and real property tax rates per \$1,000 assessed valuation.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Value	\$ 102,109,704	\$ 101,384,038	\$ 101,553,851	\$ 101,691,538	\$ 101,998,338
Equalization Ratio	1.41%	1.27%	1.22%	1.17%	1.17%
Full Value	7,241,822,979	7,982,995,118	8,324,086,148	8,691,584,444	8,717,806,667
Town Tax Levy ⁽¹⁾	19,345,208	19,624,162	19,905,785	20,039,143	20,505,425
Tax Rate for Town Purposes ⁽¹⁾⁽²⁾	\$189.46	\$193.56	\$196.01	\$197.06	\$201.04

(1) Includes all General Town-wide, Town Outside Villages, Highway, Library and Special Districts funds.

(2) Per \$1,000 assessed valuation.

Source: Town officials.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town has been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012 continuing through June 15, 2016 or later as provided in the Tax Levy Limit Law, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law to override such limit for such coming fiscal year. A super majority of the members of the Town Board voted in favor of the measure and enacted a local law amending Chapter 24 of the Town Code entitled, "Governmental Operations."

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Real Property Tax Rebate

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

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

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

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

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the Town are uncertain at this time.

Tax Collection Procedures

The assessment and collection of real property taxes is governed by the Westchester County Tax Law as well as by the Real Property Tax Law of the State. Towns and cities in Westchester County are responsible to assess all real property within their boundaries, with the exception of franchised utility companies, and to collect all real property taxes. The Town collects all Town, County, fire district and school district taxes. It receives warrants for the collection of taxes from the County, from its fire districts and from each of its school districts. The Town then remits the amount of the County and individual fire and school district warrants at times set forth in the Westchester County Tax Law. The Town is required to remit the full amount of each warrant presented by the County or the individual fire or school districts, whether or not these sums are actually collected by the Town. The Town also has the responsibility for conducting tax lien sales and in rem foreclosure proceedings.

Town, County, and special district taxes for the period from January 1 to December 31 are due in a single payment on April 1. Payment may be made without penalty until April 30, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December and 12% thereafter to the date of the tax lien sale.

School taxes for the period from July 1 to June 30 are due on September 1, with the first half payable without penalty until September 30th, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during February and March, and 12% thereafter to the date of the tax lien sale. Second half school taxes are payable without penalty until January 3, after which the penalty is 10% during February and March, and 12% thereafter to date of the tax lien sale.

The following table sets forth the amount of taxes levied and collected by the Town for the last five fiscal years as of each year.

Real Property Tax Levies and Collections

Fiscal Year Ended December 31:	Gross Tax Levy	Current Taxes Uncollected	Percentage Current Taxes Collected ⁽¹⁾
2013	\$19,046,896	\$ 84,553	99.56%
2014	19,345,208	258,375	98.66
2015	19,624,162	355,351	98.19
2016	19,905,785	375,443	98.11
2017	20,039,148	87,820	99.56

(1) County/Town taxes are levied and collected in the calendar year.
Source: Town Officials.

Ten of the Largest Taxpayers

The following table presents the tentative taxable assessments of ten of the Town’s largest taxpayers for the 2018 fiscal year.

Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation</u>
Consolidated Edison Company	Utility	\$ 3,599,159	3.53%
Suez Water Westchester	Utility	1,489,307	1.46
Vernon Hill Shopping Center	Shopping Center	1,042,700	1.02
Interlaken Owners Inc.	Apartments	939,800	0.92
230 Garth Road Owners	Apartments	759,000	0.74
Midland Gardens Owners	Apartments	704,420	0.69
Scarsdale Manor Owners	Apartments	584,150	0.57
Bronxville West LLC	Real Estate Investment	470,400	0.46
Garth Woods Owners	Apartments	441,000	0.43
Stoneleigh Pkwy Inc	Apartments	<u>337,383</u>	<u>0.33</u>
Total:		<u>\$ 10,298,169</u>	<u>0.10%</u>

(1) Based on total taxable assessment roll for the 2018 fiscal year of \$101,998,338.
Source: Town Officials.

TOWN INDEBTEDNESS

Constitutional and Statutory Requirements

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “*Nature of Obligation*”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. No installment may be more than fifty per centum in excess of the smallest prior installment unless the Town authorized the issuance of bonds with substantial level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

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

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

Statutory Procedure

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

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

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

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals

do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See “*Payment and Maturity*” under “*Constitutional Requirements*”).

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

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

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

Constitutional Debt-Contracting Limitation

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay interest on or principal of indebtedness theretofore contracted.

The following table sets forth the current debt-contracting limitation of the Town.

<u>Debt Contracting Limitation</u>			
<u>Fiscal Year Ended</u> <u>December 31</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Ratio⁽¹⁾</u>	<u>Full</u> <u>Valuation</u>
2014	\$102,109,704	1.41%	\$7,241,822,979
2015	101,384,038	1.27	7,982,995,118
2016	101,553,851	1.22	8,324,086,148
2017	101,691,538	1.17	8,691,584,444
2018	101,998,338	1.17	<u>8,717,806,667</u>
Total Five-Year Full Valuation			40,958,295,356
Average Five-Year Full Valuation			8,191,659,071
Debt Contracting Limitation - 7% of Average Full Valuation			<u>\$ 573,416,135</u>

(1) Equalization rates are established by the New York State Board of Equalization and Assessment.
Source: New York State Board of Equalization and Assessment.

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The following table, based on information furnished by the Town, presents the debt-incurring power of the Town and shows that the Town is within its constitutional debt limit.

Statement of Debt-Contracting Power
(As of June 28, 2018)

Debt-Contracting Limitation:		\$573,416,135
Gross Direct Indebtedness:		
Bonds:		
General Purpose	\$11,147,167	
Water	0	
Sewer	<u>0</u>	
		11,147,167
Bond Anticipation Notes (“BANs”):		
General Purpose	0	
Water	0	
Sewer	<u>0</u>	
		<u>11,147,167</u>
Total Gross Direct Indebtedness		11,147,167
Less Exclusions and Deductions:		
Water Bonds	0	
Water Bond Anticipation Notes	0	
Appropriations for Non-Exempt Indebtedness During 2018 Fiscal Year	<u>1,057,167</u>	
Total Exclusions & Deductions		<u>1,057,167</u>
Total Net Direct Indebtedness		10,090,000
Debt-Contracting Margin		\$563,326,135
Percentage of Debt-Contracting Power Exhausted		<u>1.763%</u>

Bond Anticipation Notes

The Town currently has no Bond Anticipation Notes outstanding.

Tax and Revenue Anticipation Notes

The Town currently has no Tax and Revenue Anticipation Notes outstanding.

Trend of Capital Indebtedness

The following table sets forth the amount of the Town’s direct capital indebtedness outstanding, at the end of each fiscal year, for the last five fiscal years.

Direct Capital Indebtedness Outstanding

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds:	\$13,337,932	\$11,265,002	\$13,182,288	\$10,800,000	\$11,147,167
Bond Anticipation Notes:	<u>0</u>	<u>599,719</u>	<u>0</u>	<u>1,566,521</u>	<u>0</u>
Totals:	<u>\$13,377,932</u>	<u>\$11,864,721</u>	<u>\$13,182,288</u>	<u>\$12,366,521</u>	<u>\$11,147,167</u>

Source: Audited financial statements of the Town.

Authorized But Unissued Debt

As of June 28, 2018, the Town has authorized but unissued debt of \$4,926,840 representing various bond resolutions. Following issuance of the Bonds, the Town will have authorized but unissued debt remaining of \$230,000.

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, the two villages and the three school districts. Such taxpayers’ share of this overlapping debt is based upon the amount of the Town’s equalized property values taken as a percentage of each separate unit’s total values. The following table sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Estimated Overlapping Indebtedness

<u>Overlapping Debt</u>				
<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>Town Share</u>	<u>Amount Applicable To Town</u>
Westchester County	\$666,093,024	12/31/17	3.69%	\$ 24,578,833
Village of Bronxville	17,290,000	05/31/16	100.00	17,290,000
Village of Tuckahoe	6,522,865	05/31/16	100.00	6,522,865
Eastchester UFSD	52,340,000	08/30/17	100.00	52,340,000
Bronxville UFSD	12,200,000	08/16/17	100.00	12,200,000
Tuckahoe UFSD	15,465,124	06/30/17	100.00	<u>15,465,124</u>
			Total Net Overlapping Debt	128,396,822
			Total Net Direct Debt	<u>10,090,000</u>
			Total Net Direct and Overlapping Debt	<u>\$138,486,822</u>

Debt Ratios

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

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Debt	\$ 10,090,000	\$ 306.87	0.12%
Net Direct and Overlapping Debt	138,486,822	4,211.89	1.59

(1) The population of the Town is 32,880 according to the 2015 US Census estimate.

(2) The full valuation of real property located in the Town for the 2018 fiscal year is \$8,717,806,667

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

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Town’s outstanding bonded general obligation indebtedness for each fiscal year ending December 31, exclusive of the Bonds and economically defeased obligations.

Bond Principal and Interest Maturity Table

Fiscal Year <u>Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2018 ⁽¹⁾	\$ 2,842,167	\$ 297,753	\$ 3,139,920
2019	1,795,000	233,817	2,028,817
2020	1,370,000	192,770	1,562,770
2021	1,110,000	163,195	1,273,195
2022	1,125,000	134,845	1,259,845
2023	675,000	106,095	781,095
2024	695,000	90,920	785,920
2025	705,000	75,295	780,295
2026	720,000	59,445	779,445
2027	740,000	43,245	783,245
2028	375,000	26,595	401,595
2029	385,000	18,533	403,533
2030	<u>395,000</u>	<u>9,678</u>	<u>404,678</u>
Totals:	<u>\$ 12,932,167</u>	<u>\$ 1,452,185</u>	<u>\$ 14,384,352</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the Town.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State, based upon recent census data.

Population Trend

	<u>2000</u>	<u>2010</u>	<u>2015</u>
Town	31,318	32,363	32,880
County	923,459	939,406	967,315
State	18,976,457	19,378,102	19,673,174

Source: U.S. Census Bureau and American Community Survey 5 year estimates

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Income

The following table presents median household income for the Town, County and State.

	<u>Median Household Income</u>		
	<u>2010</u>	<u>2016</u>	<u>Percentage Change</u>
Town	\$100,518	\$110,360	9.79%
County	79,619	86,226	8.30
State	55,603	60,741	9.24

Source: U.S. Census Bureau and American Community Survey 5 year estimates

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Town, County and State.

Ten of the Largest Employers Located in the Town

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Lawrence Hospital	Hospital	1,750
Eastchester UFSD	Public School	558
Lord & Taylor	Department Store	500
Bronxville UFSD	Public School	250
Town of Eastchester	Municipality	224
Tuckahoe UFSD	Public School	192
Village of Bronxville	Municipality	170
Concordia College	College	152
Stop & Shop	Grocery Store	110
Village of Tuckahoe	Municipality	80

Source: Town Officials

Civilian Labor Force

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town	15,900	15,800	16,100	16,000	16,200
County	477,700	472,800	481,200	481,000	484,100
State	9,659,200	9,591,300	9,644,600	9,668,700	9,704,000

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2013	5.7%	6.3%	7.7%
2014	4.6	5.1	6.3
2015	4.1	4.5	5.3
2016	3.7	4.3	4.8
2017	4.2	4.6	4.7

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
June 2017	4.3	4.5	4.6
July	4.4	4.7	4.9
August	4.4	4.8	4.9
September	4.4	4.6	4.6
October	4.2	4.5	4.4
November	4.2	4.5	4.4
December	4.2	4.4	4.4
January 2018	4.5	4.9	5.1
February	4.6	5.2	5.1
March	4.3	4.7	4.8
April	4.2	4.2	4.3
May	3.7	3.8	3.7

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Utilities

The residents of the Town receive electricity and natural gas from the Consolidated Edison and water from United Water.

Transportation

The Town is served by a transportation network consisting of all major forms of transportation. Several primary State and U.S. highways including Route 22 and the Bronx River Parkway run through the Town. The Metropolitan Transportation Authority provides passenger rail service with stations in Crestwood, Tuckahoe, and Bronxville. Air transportation is provided by the Westchester County Airport, as well as the three major New York metropolitan airports (Kennedy, LaGuardia and Newark), and the Stewart International Airport in Newburgh.

END OF APPENDIX A

APPENDIX B*
SUMMARY OF FINANCIAL STATEMENTS

*** Appendix B is not audited.**

**Town of Eastchester
Adopted Budgets
General and Town Outside Villages Funds
Fiscal Year ending December 31:**

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Taxes	\$10,088,256	\$10,197,087
Payments in Lieu of Taxes	10,000	10,000
Other Tax Items	280,000	300,000
Non-property taxes	2,400,000	2,525,000
Departmental Income	2,250,300	2,318,300
Use of Money and Property	133,211	131,017
Fines and Forfeitures	1,000,000	1,000,000
State aid	1,037,274	1,056,774
Federal Aid	297,459	297,459
Miscellaneous	56,100	42,750
Operating Transfers	0	0
Appropriated Fund Balance	<u>2,675,000</u>	<u>2,675,000</u>
 Total Revenues	 <u><u>\$20,227,600</u></u>	 <u><u>\$20,553,387</u></u>
 Expenditures:		
Current:		
General Government Support	\$2,962,791	\$2,982,894
Public Safety	6,793,750	6,915,897
Transportation	190,632	194,525
Economic assistance and opportunity	738,079	719,732
Culture and Recreation	2,223,078	2,257,373
Home & Community Services	463,567	481,753
Employee Benefits	6,003,648	6,043,648
Debt Service	<u>852,055</u>	<u>957,565</u>
 Total Expenditures	 <u><u>\$20,227,600</u></u>	 <u><u>\$20,553,387</u></u>
 Excess (Deficiency)	 0	 0

Sources: Town's Adopted Budgets.

TOWN OF EASTCHESTER
Comparative Balance Sheets
General and Town Outside Villages Funds
Fiscal Years Ended December 31:

	<u>2016</u>	<u>2017</u>
Assets:		
Cash and Equivalents	\$14,279,183	\$37,233,549
Investments	9,482,238	1,089,387
Taxes Recievable, net	30,927,063	22,145,780
Other Receivables:		
Accounts	362,189	118,950
State and Federal Aid	7,465	0
Due from Other Governments	924,836	60,207
Due from Other Funds	5,652,448	325,590
Advances to Other Funds	809,100	297,000
Prepaid Expenditures	<u>667,440</u>	<u>220,866</u>
Total Assets	<u><u>\$63,111,962</u></u>	<u><u>\$61,491,329</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$663,645	\$744,226
Unearned Tax Revenues	204,578	0
Deferred Inflows of Resources	0	5,275,084
Unearned Revenues	68,971	77,095
Due to Other Funds	8,237,354	6,516,278
Bond Anticipation Notes Payable	146,021	0
Due to Other Governments	<u>41,424,213</u>	<u>42,314,625</u>
Total Liabilities	<u>50,744,782</u>	<u>54,927,308</u>
Fund Balance:		
Nonspendable	\$2,396,832	\$1,306,460
Restricted	11,236	0
Assigned	6,067,553	1,217,040
Unassigned	<u>3,891,559</u>	<u>4,040,521</u>
Total Fund Balance	<u>12,367,180</u>	<u>6,564,021</u>
Total Liabilities and Fund Balance	<u><u>\$63,111,962</u></u>	<u><u>\$61,491,329</u></u>

Sources: Town's Audited Financial Statements.

TOWN OF EASTCHESTER
Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
General and Town Outside Villages Funds
Fiscal Years Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$9,675,819	\$9,831,023	\$9,745,479	\$10,076,977	\$10,093,688
Other Tax Items	490,109	459,510	337,912	1,404,668	434,584
Non-property taxes	3,152,251	3,285,852	3,281,378	3,334,838	3,483,512
Departmental Income	2,915,455	2,805,494	3,109,663	3,516,773	2,976,081
Use of Money and Property	132,079	132,528	138,916	158,330	176,421
Fines and Forfeitures	1,122,421	1,153,159	1,113,147	1,005,617	945,438
State aid	1,527,750	1,568,310	1,875,096	1,509,090	1,730,023
Federal Aid	227,966	113,080	104,207	94,220	104,962
Miscellaneous	291,975	357,459	357,877	407,798	384,098
Total Revenues	<u>\$19,535,825</u>	<u>\$19,706,415</u>	<u>\$20,063,675</u>	<u>\$21,508,311</u>	<u>\$20,328,807</u>
Expenditures:					
Current:					
General Government Support	\$3,172,047	\$3,174,016	\$3,138,105	\$3,073,729	\$3,241,511
Public Safety	6,535,236	6,577,089	6,746,655	7,007,901	7,064,638
Transportation	184,817	184,934	186,113	189,108	190,632
Economic assistance and opportunity	738,354	799,720	774,735	694,115	709,289
Culture and Recreation	2,210,096	2,157,496	2,316,929	2,336,019	2,306,904
Home & Community Services	498,149	409,646	415,231	428,251	421,532
Employee Benefits	5,210,468	5,928,361	5,365,759	5,896,058	6,521,780
Debt Service	644,100	625,244	640,171	751,914	752,141
Total Expenditures	<u>\$19,193,267</u>	<u>\$19,856,506</u>	<u>\$19,583,698</u>	<u>\$20,377,095</u>	<u>\$21,208,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$342,558</u>	<u>(\$150,091)</u>	<u>\$479,977</u>	<u>\$1,131,216</u>	<u>(\$879,620)</u>
Other Financing Sources					
Proceeds from Obligations	571,950	0	693,788	0	582,905
Operating transfers in	0	0	0	0	0
Operating transfers out	(10,000)	0	(54,500)	0	-32,867
Total Other Financing Sources	<u>561,950</u>	<u>0</u>	<u>639,288</u>	<u>0</u>	<u>550,038</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	904,508	(150,091)	1,119,265	1,131,216	(329,582)
Fund Balance - Beginning of Year	9,362,282	10,266,790	10,116,699	11,235,964	12,367,180
Residual Equity Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$10,266,790</u>	<u>\$10,116,699</u>	<u>\$11,235,964</u>	<u>\$12,367,180</u>	<u>\$12,037,598</u>

Sources: Town's Audited Financial Statements.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

**CAN BE ACCESSED ON THE ELECTRONIC MUNICIPAL MARKET ACCESS
("EMMA") WEBSITE
OF THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB")
AT THE FOLLOWING LINK:**

<https://emma.msrb.org/ES1289162.pdf>

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

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE BONDS

Hawkins Delafield & Wood LLP
7 World Trade Center
New York, New York 10007

July 19, 2018

The Town Board of
the Town of Eastchester,
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Eastchester (the “Town”), in the County of Westchester, New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$4,696,840 Various Purposes Serial Bonds-2018 of the Town (the “Bonds”), dated and delivered the date hereof.

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

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds 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 certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes 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 Bonds, restrictions on the investment of proceeds of the Bonds 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 Bonds 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 Bonds, the Town will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town 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 Bonds 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 Town'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 Bonds, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“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 the Town of Eastchester, in the County of Westchester, a municipality 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, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Town Supervisor as of July 10, 2018.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$4,696,840 Various Purposes Serial Bonds-2018**, dated July 19, 2018, maturing in various principal amounts on July 15 in each of the years 2019 to 2033, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly to the EMMA System:

- (i) no later than the last day of the sixth month after the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within thirty (30) days after

they become available and in no event later than 360 days after the end of each fiscal year; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of 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.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(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. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading: "Litigation" and in Appendix A under the headings: "The Town," "Financial Factors," "Tax Information," "Town Indebtedness" and "Economic and Demographic Data" and in Appendix B.

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

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a

comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

Section 5. 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 6. 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 7. 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 modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the

requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) 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 7 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 8. 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 pursuant to the 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.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. 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 10. 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.

Section 11. No Previous Non-Compliance. Other than as may be set forth in the Official Statement prepared in connection with the sale of the Securities, the Issuer represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **July 19, 2018**.

TOWN OF EASTCHESTER

By _____
Supervisor and Chief Fiscal Officer