

NEW AND RENEWAL ISSUE**BOND ANTICIPATION NOTES**

In the opinion of Bond Counsel, interest on the Notes is excludable, under existing statutes and court decisions, from the gross income of the recipients thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Under existing statutes, interest on the Notes will not be treated as a preference item for purposes of calculating the alternative minimum tax for individuals or corporations. See "Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes.

The Notes will not be designated by the Town as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**TOWN OF GRAND ISLAND
ERIE COUNTY, NEW YORK****\$20,592,250****BOND ANTICIPATION NOTES, 2017
(the "Notes")****Date of Issue: October 11, 2017****Maturity Date: October 11, 2018**

The Notes are general obligations of the Town of Grand Island (the "Town"), Erie County, New York. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Town, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the "Tax Levy Limit Law"]; see "The Notes – Tax Levy Limit Law," herein).

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

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

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

The Notes are dated October 11, 2017 and will bear interest from that date until October 11, 2018, the maturity date, at the annual rate as specified by the purchaser(s) of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the final approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Hodgson Russ LLP has neither participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto. It is expected that the Notes will be available for delivery through the offices of DTC in New York, New York, or at such other place as may be agreed upon with the purchaser(s), on or about October 11, 2017.

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

DATED: September 21, 2017

**TOWN OF GRAND ISLAND
ERIE COUNTY, NEW YORK**

**Nathan McMurray
Supervisor**

TOWN BOARD

CHRISTOPHER K. ARONICA..... Councilmember

RAYMOND A. BILICA Councilmember

BEVERLY KINNEY Councilmember

MICHAEL MADIGAN..... Councilmember

PATRICIA A. FRENTZEL..... Town Clerk

HODGSON RUSS LLP (PETER C. GODFREY)..... Town Attorney

PAMELA BARTONSupervising Accountant

AUDITORS

**The Bonadio Group
Amherst, New York**

BOND COUNSEL

**Hodgson Russ LLP
Buffalo, New York**

MUNICIPAL ADVISOR



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

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

TABLE OF CONTENTS

<p>THE NOTES 1</p> <p style="padding-left: 20px;">Description 1</p> <p style="padding-left: 20px;">Authorizations for and Purposes of Issue 2</p> <p style="padding-left: 20px;">No Optional Redemption 3</p> <p style="padding-left: 20px;">Nature of Obligation 3</p> <p style="padding-left: 20px;">Tax Levy Limit Law 3</p> <p style="padding-left: 20px;">Real Property Tax Rebate (Chapter 59) 4</p> <p style="padding-left: 20px;">Book-Entry-Only System 5</p> <p>MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE 6</p> <p>TAX EXEMPTION 7</p>	<p>DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES 8</p> <p style="padding-left: 20px;">Absence of Litigation 8</p> <p style="padding-left: 20px;">Legal Matters 8</p> <p style="padding-left: 20px;">Closing Certificates 8</p> <p>DISCLOSURE UNDERTAKING 9</p> <p>RATING 10</p> <p>MUNICIPAL ADVISOR 11</p> <p>ADDITIONAL INFORMATION 11</p>
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APPENDIX A

<p>THE TOWN A-1</p> <p style="padding-left: 20px;">General Information A-1</p> <p style="padding-left: 20px;">Town Government A-1</p> <p style="padding-left: 20px;">Town Services A-1</p> <p style="padding-left: 20px;">Employees A-2</p> <p style="padding-left: 20px;">Employee Pension Benefits A-2</p> <p style="padding-left: 20px;">Other Post-Employment Benefits A-3</p> <p>FINANCIAL FACTORS A-4</p> <p style="padding-left: 20px;">Independent Audit A-4</p> <p style="padding-left: 20px;">Fund Structure and Accounts A-4</p> <p style="padding-left: 20px;">Revenues A-5</p> <p style="padding-left: 20px;">Budget Process A-6</p> <p style="padding-left: 20px;">Investment Policy/Permitted Investments A-6</p> <p>REAL PROPERTY TAXES A-7</p> <p style="padding-left: 20px;">Real Property Tax Collection Procedures and History A-7</p> <p style="padding-left: 20px;">Ten Largest Assessed Values for the 2016 Fiscal Year A-8</p> <p style="padding-left: 20px;">The State Comptroller’s Fiscal Stress Monitoring System A-8</p> <p style="padding-left: 20px;">New York State Comptroller’s Audit A-9</p>	<p>TOWN INDEBTEDNESS A-8</p> <p style="padding-left: 20px;">Constitutional Requirements A-8</p> <p style="padding-left: 20px;">Statutory Procedure A-10</p> <p style="padding-left: 20px;">Constitutional Debt Limit A-11</p> <p style="padding-left: 20px;">Statement of Debt Contracting Power A-11</p> <p style="padding-left: 20px;">Remedies Upon Default A-11</p> <p style="padding-left: 20px;">Trend of Outstanding Indebtedness A-12</p> <p style="padding-left: 20px;">Short Term Indebtedness A-12</p> <p style="padding-left: 20px;">Direct and Overlapping Indebtedness A-12</p> <p style="padding-left: 20px;">Debt Ratios A-13</p> <p style="padding-left: 20px;">Debt Service Schedule A-13</p> <p>ECONOMIC AND DEMOGRAPHIC DATA A-14</p> <p style="padding-left: 20px;">Population A-14</p> <p style="padding-left: 20px;">Employment and Unemployment A-14</p> <p style="padding-left: 20px;">Financial Institutions A-15</p> <p style="padding-left: 20px;">Communication A-15</p> <p style="padding-left: 20px;">Utilities A-15</p> <p style="padding-left: 20px;">Transportation A-15</p> <p style="padding-left: 20px;">Income A-16</p> <p>LITIGATION A-16</p>
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APPENDIX B – Financial and Budget Summaries

APPENDIX C – Link to Independent Auditor’s Report for the Fiscal Year Ended December 31, 2016

**TOWN OF GRAND ISLAND
ERIE COUNTY, NEW YORK**

relating to

\$20,592,250

**BOND ANTICIPATION NOTES, 2017
(the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Grand Island, Erie County, New York (the "Town", "County" and "State," respectively) in connection with the sale of the Town's \$20,592,250 Bond Anticipation Notes, 2017 (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the 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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes will be dated October 11, 2017 and will mature, without option of prior redemption, on October 11, 2018.

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

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

Authorizations for and Purposes of Issue

The Notes are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Town Board on their respective dates, authorizing the issuance of serial bonds (and notes in anticipation thereof) for various capital projects in and for the Town. The proceeds of the Notes, along with appropriated funds and available cash of \$1,869,450, will be used to redeem and renew, in part, the applicable portion of a bond anticipation note of the Town that was issued on October 12, 2016 and to provide \$5,875,700 in new money for various projects. Such projects, and their respective amounts, are described below:

	<u>Date(s)</u>	<u>2016</u>	<u>Pay</u>	<u>New</u>	
<u>Purpose</u>	<u>Authorized</u>	<u>BAN</u>	<u>Down</u>	<u>Money</u>	<u>The Notes</u>
1) Town Hall Parking Lot	6/17/2013	\$75,000	\$37,500	-	\$37,500
2) Scenic Woods/Bicenten. Pk	8/19/2013	200,000	100,000	-	100,000
3) Safe Route to Schools	11/17/2014	73,500	36,750	-	36,750
4) Veteran's Park Building	9/8/2015	1,190,950	300,000	-	890,950
5) 2013 Road -Reconstruction & Construction	5/6/2013	326,500	163,250	-	163,250
6) 2013-Street Sweeper	8/19/2013	94,200	47,100	-	47,100
7) 2014 Road -Reconstruction & Construction	7/24/2014	506,250	168,750	-	337,500
8) 2015 Road -Reconstruction & Construction	7/6/2015	675,000	168,750	-	506,250
9) 2016 Road -Reconstruction & Construction	8/15/2016	675,000	-	-	675,000
10) 2017 Road -Reconstruction & Construction	6/5/2017	-	-	675,000	675,000
11) Water District Improvements	11/3/2008	1,513,000	116,500	-	1,396,500
12) Water Plant/Whitehaven Rd Tank Painting	8/20/2012; 04/15/2013 ⁽¹⁾	162,000	27,000	-	135,000
13) Water Dist/Williams Rd	4/1/2013	101,000	14,500	-	86,500
14) Filter Media Repl Project	5/20/2013	155,400	22,200	-	133,200
15) Water Plant Lagoon	6/16/2014	623,000	78,000	-	545,000
16) Waterline-Ferry Road	10/5/2015	630,000	70,000	-	560,000
17) Waterline-Staley Road	9/5/2017	-	-	1,330,000	1,330,000
18) WW Ragging Elimination Project	9/21/2009	1,062,851	82,000	-	980,851
19) WW Pressure Swing Absorption System Upgrades	9/21/2009	153,000	12,000	-	141,000
20) WW Plant Improvements	9/21/2009	88,600	6,900	-	81,700
21) WW Pump Station 6 Improvements	3/7/2011	104,000	7,000	-	97,000
22) Whitehaven Road Sewer Project	10/3/11; 2/4/2013 ⁽²⁾	202,800	14,000	-	188,800
23) WW SCADA System	12/22/2011	98,929	9,000	-	89,929
25) SSES Proj Y1/Y2	5/20/2013; 1/20/2015 ⁽³⁾	858,000	50,500	-	807,500
26) ORF Improvements	5/20/2013; 9/3/2013 1/20/2015 ⁽⁴⁾	484,000	28,500	-	455,500
27) Emergency Sewer Repair	10/21/2013	445,020	24,750	-	420,270
28) SSES Proj Y3	3/17/2014; 8/21/2017 ⁽⁵⁾	2,747,000	15,2750	-	2,594,250
29) SSES Proj Y4	6/1/2015	2,500,000	131,750	-	2,368,250
30) SSES Proj Y5	3/21/2016	841,000	-	-	841,000
31) WWTP Parking Lot	10/17/2016	-	-	250,000	250,000
32) WW SSES Project Y6	3/6/2017	-	-	3,320,700	3,320,700
33) Emergency Sewer Repair 2017	6/5/2017	-	-	300,000	300,000
Totals		<u>\$16,586,000</u>	<u>\$1,869,450</u>	<u>\$5,875,700</u>	<u>\$20,592,250</u>

(1) Amended resolution adopted on April 15, 2013.

(2) Amended resolution adopted on February 4, 2013.

(3) Amended resolution adopted on January 20, 2015.

(4) Amended resolutions adopted on September 3, 2013 and on January 20, 2015.

(5) Amended resolution adopted on August 21, 2017.

No Optional Redemption

The Notes are not subject to optional redemption.

Nature of Obligation

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

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Town has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the Town, without limitation as to rate or amount (subject to certain statutory limitations discussed immediately below).

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 Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor (subject to certain statutory limitations discussed immediately below).

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limit Law"). The Tax Levy Limit Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities' tax levies.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limit Law to extend its expiration from June 15, 2016 to June 15, 2020. Chapter 20 also affects the calculation of a municipality's tax base growth factor, as outlined below.

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

A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limit Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's “faith and credit” is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

Therefore, while the Tax Levy Limit Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limit Law, it is clear that no statute is able to limit an issuer's (1) pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limit Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is possible that the Tax Levy Limit Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

Real Property Tax Rebate (Chapter 59)

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 were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real

property taxpayers in certain other municipal units of government 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 Limit Law. School district budgets must comply in their 2014-15 and 2015-16 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 Limit 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 within the tax cap limits established by the Tax Levy Limit Law. The implications of this for future tax levies and for operations and services of the municipalities and districts are uncertain at this time.

Book-Entry-Only System

If the Notes are issued as book-entry notes, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for all of the Notes which bear 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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.

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

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

The financial condition of the Town as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events in the State, including,

for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

The State 2017-18 Enacted Budget allows the Governor to reduce expenditures (including aid to municipalities) mid-year if revenues (including, but not limited to, funding from the federal government) are less than what was expected. If federal support is reduced by \$850 million or more, the Governor has the authority to develop a plan to make uniform spending reductions. Such plan would take effect automatically unless the Legislature passes their own plan within 90 days.

Amendments to the United States Internal Revenue Code of 1986, as amended (the "Code") could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the Town. President Trump and the leaders of the Republican majorities in both houses of Congress have stated that some sort of significant tax reform legislation will be a priority for them in 2017, and a broad outline of the President's tax proposal has been released. While it is impossible to predict at this time what, if any tax reform legislation will be proposed or enacted, any such future legislation could have an adverse effect on the market value of the Notes (see "TAX EXEMPTION," herein).

TAX EXEMPTION

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income under Section 103 of the Code. The tax certificate and nonarbitrage certificate (collectively, the "Certificates") of the Town, which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with such requirements of the Code. The Town Supervisor, in executing the Certificates, 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 that interest on the Notes is excludable from gross income under Section 103 of the Code. In the opinion of Bond Counsel, the Certificates set forth provisions and procedures under which such requirements of the Code can be met.

Under the Code, interest on the Notes is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including without limitation, the foreign branch profits tax. In addition under the Code, an individual who owns the Notes may be required to include in gross income a portion of his or her Social Security or railroad retirement payments, and interest on the Notes will be included as disqualified income when computing the earned income credit. Noteholders should consult their tax advisor with respect to the computation of the foreign branch profits tax liability, the earned income credit, or the inclusion of Social Security or other retirement payments in gross income.

Bond Counsel will deliver an opinion that interest on the Notes is excludable, under existing statutes and court decisions, from the gross income of the recipients thereof for federal income tax purposes pursuant to Section 103 of the Code and, under existing statutes, interest on the Notes is not treated as a preference item in calculating alternative minimum taxable income of individuals and corporations. However, the opinion will note that interest on the Notes is includable in the "adjusted current earnings" of any corporate owner of the Notes (for the purpose of calculating the alternative minimum tax imposed on corporations by the Code). In rendering the foregoing opinions, Bond Counsel will assume the Town's compliance with the provisions of its Certificates.

Further, the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes.

Were the Code to be amended, the favorable federal tax treatment granted to the Notes and other debt issued by the Town could be reduced or eliminated. President Trump and the leaders of the Republican majorities in both houses of Congress have stated that some sort of significant tax reform legislation will be a priority for them in 2017, and an outline of the President's tax proposal has been released.

Previous Congresses have deferred significant discussions regarding federal tax and spending policies by voting to suspend the nation's statutory debt ceiling for a period of time. Currently, the debt ceiling has been suspended until December of 2017. Such action (along with the ability of the Treasury Department to reinstate "extraordinary measures" if the debt ceiling is not suspended once more) should avoid the threat of defaulting on the nation's obligations until spring of 2018, regardless of the actions that Congress and the President choose to take (or not take) in the interim with respect to fiscal and tax policies.

At this time the outcome of negotiations in Washington about possible tax reform measures (and the nation's debt limit) cannot be predicted. Prospective investors in the Bonds are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

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

Legal Matters

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

Closing Certificates

Upon the delivery of the Notes, the Purchasers will be furnished with the following items: (i) a certificate of the Town Supervisor to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the

circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Town since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by the Town Supervisor evidencing payment for the Notes; (iii) a certificate signed by the Town Supervisor evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Town nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a tax certificate and nonarbitrage certificate (or similar documentation) executed by the Town Supervisor, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Unless the Notes are purchased for the buyer's own account as principal for investment and not for resale, at the time of the delivery of the Notes, the Town will provide an executed copy of its "Disclosure Undertaking" (the "Undertaking"). Such Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") system implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice, not in excess of ten (10) business days after the occurrence of the event, of the occurrence of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) bond and note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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 Town]; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of the name of a trustee, if material.

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

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

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

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

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with the Rule as then in effect.

Under the scenario in which the Notes are purchased for the buyer’s own account as principal for investment and not for resale, such purchaser shall deliver a purchaser’s certificate that documents such intent (in form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

In the fiscal years ending December 31, 2011 and 2012, the Town filed Annual Financial Information and Operating Data on July 26, 2012, and August 8, 2013, respectively, upon the receipt of the audited financial statements by the Town. A notice of these late filings and failure to file notices were filed on EMMA on September 23, 2014 and September 25, 2014, respectively.

Assured Guaranty Municipal Corp. (formerly Financial Security Assurance, Inc.) and National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation), municipal bond insurance companies, which insure a variety of Town serial bonds, have had a variety of ratings changes over the past five years. The Town filed an event notice for these changes on EMMA on January 23, 2013 and August 5, 2014.

Over the past five years there have been a variety of ratings changes to the municipal bond insurers which insure the outstanding serial bonds of the Town. The Town filed an event notice for the change on EMMA on September 22, 2016.

Other than the foregoing, for the past five years the Town has been in compliance in all material respects with its previous undertakings made pursuant to Rule 15c2-12.

RATING

The Notes are not rated.

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa1” to the uninsured outstanding bonded indebtedness of the Town.

With respect to the Moody’s rating applicable to uninsured debt, such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency. 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 Town's bonds or notes or the availability of a secondary market for those bonds or notes.

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from the Town's Supervising Accountant, Pamela Barton, at 2255 Baseline Road, Grand Island, New York 14072, (716) 773-9600 ext. 601, email: pbarton@grand-island.ny.us or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

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

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

TOWN OF GRAND ISLAND ERIE COUNTY, NEW YORK

By: /s/ Nathan McMurray
Nathan McMurray
Town Supervisor

DATED: September 21, 2017

APPENDIX A

THE TOWN

General Information

The Town consists of an entire island of 27 square miles located in the Niagara River across from the cities of Tonawanda and North Tonawanda, and between the cities of Buffalo and Niagara Falls. In addition, the Town is only a short distance from three points of entry to the Niagara Falls, Ontario area, which serves as a gateway to several Canadian communities including St. Catharines, Hamilton and Toronto. The Town is a growing, centrally located, suburban residential area surrounded by four cities. The population of the Town is 20,374 according to the 2010 U.S. Census, a gain of 9.4% since 2000.

The Town has set aside 80 acres for a planned Industrial Park, which is located along the New York State Thruway in the vicinity of Bedell Road. The park is serviced by its own roadway, and has sewer and water services. Light industries located in the Town include Fresenius Kabi USA, LLC and Life Technologies.

The Town encompasses two State parks, Buckhorn Island and Beaver Island, the latter of which includes an 18-hole golf course. The River Oaks development located within the Town includes a championship golf course. Also within the Town is a locally well-known theme amusement park, Fantasy Island. The Town's recreational facilities include Nike Base Park with centers for the youth and senior citizens, Veterans Park and Bi-Centennial Park with a nature trail theme. In addition, there are numerous tennis courts and a network of bikeways available to Town residents.

Town Government

The Town was established in 1852 by the State Legislature. There is one independently governed school district located in the Town, which relies on its own taxing powers granted by the State to raise revenues. The school district uses the Town's assessment roll as a basis for taxation of property located within the Town.

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

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer of the Town, elected for a term of four years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve. On September 23, 2010, the voters of the Town rejected a proposal that would have reduced the Town Board from five members to three (by eliminating two council member positions).

Effective January 1, 2000, the voters approved a referendum to combine the offices of Town Clerk and Receiver of Taxes into a single position. The Town Clerk/Tax Receiver and the Town Highway Superintendent are each elected for four-year terms. The Town Board appoints the Town Attorney.

Town Services

The water supply in the Town is provided by the Town's water plant, and the Niagara County Water District. Effective January 1996, the Town consolidated a number of special assessment water districts into one district responsible for the purification and distribution of water Town-wide. Effective January 2000, the Town consolidated the special assessment sewer districts into one district responsible for wastewater treatment Town-wide. The districts are primarily responsible for the financing, construction and maintenance of the facilities within them.

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

Public education is provided by the Grand Island Central School District, which serves the entire Town. The Central School District has a separately elected governing body and has independent taxing and debt issuance authority.

Employees

The Town employs approximately 84 full-time and 112 part-time employees, of which 42 are seasonal workers.

<u># of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
32	AFL/CIO County and Municipal Council #66	12/31/18
4	Teamsters Local 264	12/31/18
23	Civil Service Employees Association	12/31/18

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Except as noted below, all members hired on or after July 27, 1976 must contribute 3% of their gross annual salary toward the costs of retirement programs. The 3% contribution is waived when the employee completes ten (10) years of service.

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

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

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

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

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in 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 discounted amount. The Town has elected to make such payments in December of each year.

The following schedule reflects the Town's contribution to each of the Systems for the last three fiscal years and the amount budgeted for the current fiscal year.

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>State Fiscal Year</u> <u>Ending March 31</u>	<u>ERS</u> <u>Contribution</u>	<u>PFRS</u> <u>Contribution</u>
2017 <i>Budget</i>	2018	\$924,000	\$15,000
2016	2017	781,613	12,342
2015	2016	863,804	13,647
2014	2015	967,067	13,967

Due to significant capital market declines in the wake of the 2008-2009 recession, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result, employer contribution rates for the State's Retirement System in 2011 and subsequent years were higher than the minimum contribution rate established by Chapter 49. To mitigate such increases in the employer contribution rate, legislation has been enacted that permits local governments and schools districts to issue bonds to fund the required increased contribution.

Recently, this trend has reversed, and State Comptroller Thomas DiNapoli announced that employer contribution rates for the ERS will decline slightly in Fiscal Year 2017-18. The average contribution rate for the ERS will decrease from 15.5% percent to 15.3%. The average contribution rate for PFRS will increase from 24.3% to 24.4%.

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

Other Post-Employment Benefits

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

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

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) 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 two years for the Town.

Although GASB 45 encouraged earlier adoption, implementation was required for the Town for the fiscal year commencing January 1, 2008. The Town was in compliance with the requirements of GASB 45 by such date and a summary of the actuarial valuation is included under Note 11 in the Town’s December 31, 2016 Financial Audit, herein.

In June 2015, the GASB issued Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The Town is required to adopt the provisions of these Statements for the year ending December 31, 2018, with early adoption encouraged.

The table below shows the components of the Town’s annual OPEB cost for the past two audited fiscal years, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	2015	2016
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Annual required contribution	\$795,155	\$977,250
Interest on net OPEB obligation	55,065	59,461
Adjustment to annual required contribution	<u>(57,024)</u>	<u>(61,577)</u>
Annual OPEB cost (expense)	793,196	975,134
Contributions made	<u>(683,281)</u>	<u>(809,329)</u>
Increase in net OPEB obligation	109,915	165,805
Net OPEB obligation – beginning of year	<u>1,376,617</u>	<u>1,486,532</u>
Net OPEB obligation – end of year	<u>\$1,486,532</u>	<u>\$1,652,337</u>

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Town are audited by independent certified public accountants. The Town is also subject to periodic audit by the State Comptroller's Office. Appendix B to this Official Statement presents a summary of the financial operating results of the General and Special Revenue Funds for each of the last five fiscal years ended, and budget summaries for the current and prior fiscal years.

Fund Structure and Accounts

The accounting practices of the Town conform to those prescribed by generally accepted accounting principles and by the New York State Department of Audit and Control “Uniform System of Accounts for Towns”.

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include real property taxes, state and federal aid, sales tax and certain user fees such as water and sewer charges.

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

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

Revenues

The Town derives a major portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes and other property tax items accounted for 31.8% of total general fund revenues for the fiscal year ended December 31, 2016, while non-property taxes accounted for 46.2% and State aid accounted for 9.7%.

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five completed fiscal years.

TABLE 1
Property Taxes
(General Fund)

Fiscal Year	Total Revenues	Real Property Taxes	Real Property Taxes to Revenues
2012	\$6,843,327	\$2,241,387	32.8%
2013	7,084,081	2,258,068	31.9%
2014	6,957,411	2,312,283	33.2%
2015	6,963,834	2,355,394	33.8%
2016	7,460,407	2,372,357	31.8%

Source: Town's audited financial statements

Non-Property Taxes. The County is authorized and levies a sales and compensatory use tax of 4.75%, a portion of which is shared with the Town, in addition to the 4% tax levied by the State. Such sales tax collections in New York are administered by the State Tax Commissioner and the proceeds are paid to the County quarterly. The following table sets forth general fund non-property tax (sales tax and cable TV franchise) revenues received by the Town during the prior five completed fiscal years.

TABLE 2
Non-Property Taxes⁽¹⁾
(General Fund)

Fiscal Year	Total Revenues	Non-Property Taxes	Non-Property Taxes to Revenues
2012	\$6,843,327	\$3,208,913	46.9%
2013	7,084,081	3,276,540	46.3%
2014	6,957,411	3,342,787	48.0%
2015	6,963,834	3,317,720	47.6%
2016	7,460,407	3,450,310	46.2%

⁽¹⁾ Includes sales tax and cable TV franchise fees

Source: Town's audited financial statements

State Aid. The Town also receives a portion of its revenues in the form of State aid (per capita, mileage and valuation, and mortgage tax). For the fiscal year ended December 31, 2016, State aid represented

approximately 9.7% of the total general fund revenues of the Town. However, there is no assurance that the State appropriation for State aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total general fund revenues and State aid during the last five completed fiscal years.

TABLE 3
State Aid
(General Fund)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2012	\$6,843,327	\$685,396	10.0%
2013	7,084,081	781,303	11.0%
2014	6,957,411	621,641	8.9%
2015	6,963,834	588,954	8.5%
2016	7,460,407	726,574	9.7%

Source: Town's audited financial statements

Other Revenues. Community Development Block Grants are another revenue source of the Town. The Town receives these funds in accordance with a contract with the Erie County Consortium, which administers the Community Development Block Grant funds received from the United States Department of Housing and Urban Development. Grant assistance is provided for expenditures of eligible activities under Title I of the Housing and Community Development Act of 1974, as amended.

Historically, the Town has also had surplus funds from operations. These funds have in part been used to fund, from time to time, during the course of a fiscal year, supplemental appropriations, for anticipated Town needs. Portions of the balance of such surplus funds have been appropriated in the budget adopted for the next fiscal year.

Budget Process

The Supervisor, with the assistance of the Town Supervising Accountant, acting as Budget Officer, prepares a “tentative” budget annually and presents the same to the full Town Board by October 5th. The full Town Board then reviews and may amend the budget and adopt the “preliminary” budget. Upon adoption of this “preliminary” budget a public hearing is called. Following this hearing final revisions are made by the full Town Board and the final budget is then adopted. The budget is not subject to a referendum and there is no legal limit upon the tax rate or amount required to support the budget.

Investment Policy/Permitted Investments

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

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality,

school district, or district corporation, other than those notes issued by the Town; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Town pursuant to law, obligations of the Town.

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

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

REAL PROPERTY TAXES

Real Property Tax Collection Procedures and History

Taxes are due in a single payment on January 1, payable without penalty to and including February 15. Penalties thereafter are imposed at an annual rate determined in accordance with applicable law. After August 31, the tax roll is returned to the County and taxes plus penalties are payable to the County. The Town retains the total amount of Town, Highway, Special District and delinquent water and sewer charge levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales. Because payment is guaranteed by the County, the Town has no uncollected taxes.

The following table presents the total tax levy, by purpose, with adjustments and collection performance for each of the last five fiscal years.

TABLE 4
Tax Levy and Collection Record

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tax Levies:					
County Tax	\$8,749,265	\$8,931,993	\$9,005,953	\$9,422,037	\$9,678,134
Town – Gen. Hwy., Fire	5,876,087	6,022,580	6,172,950	6,325,881	6,371,235
Town - Special Districts	3,645,645	3,627,014	3,686,601	3,707,976	3,846,239
Town - Special Assessments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Levy	18,270,997	18,581,587	\$18,865,504	\$19,455,894	\$19,895,608
Amount Collected	<u>16,954,975</u>	<u>17,285,398</u>	<u>17,578,084</u>	<u>18,125,769</u>	<u>18,720,713</u>
Returned to County:					
Amount	\$1,316,022	\$1,296,189	\$1,287,420	1,330,125	N/A
Percentage	7.20%	6.98%	6.82%	6.84%	N/A
Town Tax Rate per \$1,000 of Taxable Assessed Valuation ⁽¹⁾	8.32	3.90	3.98	4.06	3.77

⁽¹⁾ Tax rate is compilation of the rates of three Town-wide tax levies for general, highway and fire purposes.

Source: Town Tax Receiver

N/A Not Available

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

Table 5
Assessed and Full Valuation

Roll Year	2013	2014	2015	2016	2017
Tax Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxable Assessed Valuation	\$1,525,842,565	\$1,533,812,457	\$1,543,022,023	\$1,671,845,628	\$1,693,212,392
State Equalization Rate	100.00%	100.00%	96.00%	100.00%	100.00%
Full Valuation	\$1,525,842,565	\$1,533,812,457	\$1,607,314,607	\$1,671,845,628	\$1,693,212,392

Source: Town Assessor

Ten Largest Assessed Values for the 2017 Fiscal Year

The following table presents the total 2017 assessed valuations of the Town's largest property owners used for the 2018 tax levy.

TABLE 6
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u> ⁽³⁾
Niagara Mohawk Power Corp ⁽¹⁾	Utility	\$26,671,921	1.58%
Empire Pipeline Co., Inc.	Commercial	20,756,701	1.23%
KRN CG LLC	Apartments	14,000,000	0.83%
Town Hall Terrace Assoc.	Apartments	13,936,000	0.82%
Fresenius Kabi USA, LLC ⁽²⁾	Commercial	7,575,800	0.45%
Life Technologies ⁽²⁾	Commercial	6,400,000	0.38%
Heron Point, LLC	Apartments	6,307,000	0.37%
National Fuel Gas	Utility	5,787,895	0.34%
William B. Fuccillo	Commercial	5,002,700	0.30%
Grandsam Island	Hotel	<u>4,720,000</u>	<u>0.28%</u>
		<u>\$111,158,017</u>	<u>6.56%</u>

- (1) Includes applicable franchise assessments for utilities as determined by the State Board of Equalizations and Assessments.
- (2) Includes two parcels (\$1,300,000) of Fresenius Kabi USA and three (3) parcels of Life Technologies (\$4,200,900) that are exempt from federal municipal, school and county property taxes under an agreement with the Erie County Industrial Development Agency. However, this is subject to assessment for special district taxes and, in addition, annual payments are made to the Town in lieu of taxes.
- (3) The total assessed valuation of the Town for the 2017 Assessment Roll was \$1,693,212,392.

The State Comptroller's Fiscal Stress Monitoring System

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

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

patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, it means that the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as “No Designation” (see http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/munis_summary2015.pdf).

New York State Comptroller’s Audit

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

The last audit conducted by OSC was released in September 2013. The purpose of our audit was to evaluate internal controls over the purchase of fuel for the period January 1, 2012, through June 14, 2013. The complete report can be obtained from OSC’s website:
<http://www.osc.state.ny.us/localgov/audits/towns/2013/grandisland.pdf>

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "THE NOTES - Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted

Statutory Procedure

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town typically complies with this estoppel procedure. It is a procedure recommended by Bond Counsel, but is not an absolute requirement. See "THE NOTES - Authorizations for and Purposes of the Issue," herein.

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

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

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

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

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

Constitutional Debt Limit

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

TABLE 7
Constitutional Debt Limit

Assessment <u>Roll</u>	Assessed <u>Valuation</u>	Equalization <u>Ratio</u>	Full <u>Valuation</u>
2013	\$1,525,842,565	\$100.00%	\$1,525,842,565
2014	1,533,812,457	100.00%	1,533,812,457
2015	1,543,974,373	96.00%	1,607,314,607
2016	1,671,845,628	100.00%	1,671,845,628
2017	1,693,212,392	100.00%	<u>1,693,212,392</u>
Total Five-Year Valuation			\$8,032,027,649
Average Five-Year Valuation			\$1,606,405,530
Debt Limit - 7% of Average Full Valuation			\$ 112,448,387

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

Statement of Debt Contracting Power

TABLE 8
Statutory Debt Limit and Net Indebtedness

(as of September 20, 2017)

Debt Contracting Limitation		\$112,448,387
Gross Direct Indebtedness		
Serial Bonds:		
General Purpose	\$ 79,000	
Sewer	2,894,000	
Water	<u>412,000</u>	
Total Serial Bonds		3,385,000
BANs		<u>16,706,000</u>
Total Gross Direct Indebtedness		\$20,091,000
Exclusions and Deductions:		
Water Bonds	\$ 412,000	
Water BANs	3,184,400	
Appropriations for Non-Exempt Debt	<u>65,000</u>	
Total Exclusions and Deductions		<u>3,661,400</u>
Total Net Indebtedness		<u>16,429,600</u>
Net Debt-Contracting Margin		<u>\$96,018,787</u>
Percentage of Debt-Contracting Margin Exhausted		<u>14.61%</u>

Source: Town Officials

Remedies Upon Default

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

although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

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

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

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

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at year end for each of the five prior fiscal years.

TABLE 9
Outstanding Indebtedness

Debt Outstanding <u>December 31:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	\$6,155,000	\$5,535,000	\$4,900,000	\$4,340,000	\$3,835,000
Bond Anticipation Notes	<u>7,555,900</u>	<u>9,653,000</u>	<u>12,640,000</u>	<u>17,040,000</u>	<u>16,706,000</u>
Total Outstanding Debt	<u>\$13,710,900</u>	<u>\$15,188,000</u>	<u>\$17,540,000</u>	<u>\$21,380,000</u>	<u>\$20,541,000</u>

Short Term Indebtedness

The Town currently has \$16,706,000 in bond anticipation notes outstanding, which will mature on October 12, 2017. Such notes will be redeemed with the proceeds of the Notes and budgetary appropriations.

Direct and Overlapping Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Direct Debt</u>			
Gross Direct Debt			\$20,091,000
Exclusions & Deductions			<u>3,661,400</u>
Net Direct Debt			<u>\$16,429,600</u>
<u>Overlapping Debt</u>			
	<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>Town Share</u>
		<u>Amount</u>	<u>Applicable to Town</u>
	Erie County	\$399,505,000 ⁽¹⁾	3.68%
	Grand Island CSD	51,320,000 ⁽²⁾	100.00%
Net Overlapping Debt			66,021,784
Net Direct Debt			<u>16,429,600</u>
Total Net Direct & Overlapping Debt			<u>\$ 82,451,384</u>

(1) As of October 15, 2016

(2) As of November 8, 2016

Source: Data provided by District and County Officials.

Debt Ratios

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

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 16,429,600	\$ 806	0.97%
Net Direct & Overlapping Debt	\$ 82,451,384	\$4,047	4.87%

(1) The population of the Town is 20,374, according to the 2010 Census.

(2) The Town's full value of taxable real property for assessment roll for 2017 is \$1,693,212,392.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness for the fiscal years ending as follows, as of September 20, 2017:

TABLE 12
Bond Principal and Interest Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending December 31</u>			<u>Debt Service</u>
2017	\$65,000	\$9,046	\$74,046
2018	480,000	127,830	607,830
2019	415,000	107,413	522,413
2020	415,000	93,022	508,022
2021	430,000	76,272	506,272
2022	395,000	58,748	453,748
2023	380,000	44,669	424,669
2024	355,000	30,012	385,012
2025	295,000	15,938	310,938
2026	80,000	6,588	86,588
2027	<u>75,000</u>	<u>3,188</u>	<u>78,188</u>
Total	<u>\$3,385,000</u>	<u>\$572,726</u>	<u>\$3,957,726</u>

ECONOMIC AND DEMOGRAPHIC DATA

Population

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

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u>
Town	18,621	20,374	9.4%
County	950,265	919,040	(3.2%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census

Employment and Unemployment

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

TABLE 14
Large Commercial and Industrial Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Thermo Fisher Scientific	Pharmaceuticals	500-999
Fresenius Kabi USA, LLC	Pharmaceuticals	500-999
Amusements of WNY Inc.	Theme Amusement Park	500-999
Grand Island Central School District	School District	500-750
Cannon Design, Inc.	Architects/Engineers	100-249
Radisson Hotels	Hotel	100-249
Tops Markets LLC	Supermarket	100-249
Elderwood Health Care	Skilled Nursing Care Facility	100-249
Starline, USA, Inc.	Promotional Advertising	100-249
Anda Inc.	Wholesale Drugs/Sundries	50-99

Source: Invest Buffalo Niagara 2017

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County	461.8	458.9	450.7	449.9	446.6
State	9,607.5	9,518.4	9,510.5	9,551.7	9,437.3

Source: New York State Department of Labor.

Unemployment rates are not compiled for the Town, but are available for the County and State. The following tables are not necessarily representative of the Town.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2012	8.3%	8.5%
2013	7.4%	7.7%
2014	6.1%	6.3%
2015	5.3%	5.3%
2016	4.9%	4.8%

Source: New York State Department of Labor.

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
August 2016	4.8%	4.9%
September	5.0%	4.9%
October	4.7%	4.8%
November	4.7%	4.5%
December	4.9%	4.5%
January 2017	5.5%	4.9%
February	5.6%	5.0%
March	4.9%	4.4%
April	4.8%	4.2%
May	4.7%	4.3%
June	5.0%	4.5%
July	5.2%	4.9%

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

Financial Institutions

There are four banks in the Town: M&T Bank, Northwest Savings Bank, Key Bank and Citizens Bank.

Communication

The Town is served by the major metropolitan area newspapers, radio and television stations. In addition, the Town has a local newspaper, the "Island Dispatch." Spectrum, a private corporation, provides cable service to the Town.

Utilities

Electricity and natural gas is supplied throughout the Town by National Grid Power Corporation and National Fuel Gas Distribution Corporation, respectively.

Transportation

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

Income

TABLE 18

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2010</u>	<u>% Change</u>	<u>2000</u>	<u>2010</u>	<u>% Change</u>
Town	\$25,816	\$33,626	30.2%	\$70,521	\$77,595	10.0%
County	20,357	26,378	26.9%	49,490	63,404	28.1%
State	23,389	30,948	32.3%	51,691	67,405	30.6%

LITIGATION

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

APPENDIX B

FINANCIAL AND BUDGET SUMMARIES

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

	<u>General Fund</u>		<u>Special Revenue Funds*</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Assets:				
Cash	\$6,880,950	\$8,011,641	\$3,349,631	\$3,744,293
Restricted Cash	335,688	11,068	0	0
Accounts Receivable	31,568	34,259	770,651	786,606
Due from Other Funds	18	4	12,645	1
Due from Federal and State Governments	0	0	0	125,000
Due from Other Governments	1,027,199	1,059,894	0	136,750
Inventory of Supplies	27,970	27,630	0	0
Prepaid Expense	180,512	175,474	153,716	126,724
	<u>\$8,483,905</u>	<u>\$9,319,970</u>	<u>\$4,286,643</u>	<u>\$4,919,374</u>
Total Assets	\$8,483,905	\$9,319,970	\$4,286,643	\$4,919,374
 Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$86,689	\$159,267	\$190,287	\$215,951
Accrued Liabilities	94,829	0	103,132	0
Due to Other Funds	12,073	110,557	560	129,631
	<u>\$193,591</u>	<u>\$269,824</u>	<u>\$293,979</u>	<u>\$345,582</u>
Total Liabilities	\$193,591	\$269,824	\$293,979	\$345,582
 Fund Balances:				
Nonspendable	\$208,482	\$203,104	\$153,716	\$126,724
Restricted	327,331	11,068	0	0
Assigned	1,851,466	2,005,206	3,838,948	4,447,068
Unassigned	5,903,035	6,830,768	0	0
	<u>8,290,314</u>	<u>9,050,146</u>	<u>3,992,664</u>	<u>4,573,792</u>
Total Fund Balance	8,290,314	9,050,146	3,992,664	4,573,792
Total Liabilities and Fund Balance	\$8,483,905	\$9,319,970	\$4,286,643	\$4,919,374

* Special Revenue Funds include highway, water and sewer funds.

Sources: Annual Audited Financial Reports.

Summary itself is not audited.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Real Property Taxes	\$2,241,387	\$2,258,068	\$2,312,283	\$2,355,394	\$2,372,357
Non-Property Taxes	3,208,913	3,276,540	3,342,787	3,317,720	3,450,310
Departmental Income	121,546	101,626	116,378	112,448	155,802
Use of Money and Property	15,042	11,256	8,145	6,158	9,328
Licenses & Permits	97,712	94,166	111,908	113,385	155,700
Fines & Forfeitures	227,792	186,156	187,048	202,877	178,993
Miscellaneous	245,539	374,966	257,221	266,898	411,343
State aid	685,396	781,303	621,641	588,954	726,574
Total Revenues	<u>\$6,843,327</u>	<u>\$7,084,081</u>	<u>\$6,957,411</u>	<u>\$6,963,834</u>	<u>\$7,460,407</u>
Expenditures and Other Uses					
General Government Support	\$2,310,844	\$2,586,608	\$2,401,211	\$2,461,660	\$2,394,502
Public Safety	502,920	525,173	517,217	597,973	573,521
Health	18,705	17,257	7,097	2,426	2,475
Transportation	239,020	250,164	270,487	273,775	256,556
Economic Assistance	261,854	291,905	324,212	304,514	283,860
Culture & Recreation	768,865	842,022	743,368	856,425	1,304,297
Home & Community Service	73,045	58,829	162,091	35,034	57,498
Employee Benefits	1,473,872	1,535,382	1,580,752	1,544,922	1,636,215
Debt Service	290,232	152,821	171,088	202,271	161,551
Total Expenditures	<u>5,939,357</u>	<u>6,260,161</u>	<u>6,177,523</u>	<u>6,279,000</u>	<u>6,670,475</u>
Excess (Deficiency) of Revenues over Expenditures	<u>903,970</u>	<u>823,920</u>	<u>779,888</u>	<u>684,834</u>	<u>789,932</u>
Other Uses					
Interfund Transfers	(29,564)	(83,331)	(30,990)	371,955	(30,100)
Total Expenditures and Other Uses	<u>(29,564)</u>	<u>(83,331)</u>	<u>(30,990)</u>	<u>371,955</u>	<u>(30,100)</u>
Net Change in Fund Balances	<u>\$874,406</u>	<u>\$740,589</u>	<u>\$748,898</u>	<u>\$1,056,789</u>	<u>\$759,832</u>
Fund Balance - Beginning of Year	<u>4,869,632</u>	<u>5,744,038</u>	<u>6,484,627</u>	<u>7,233,525</u>	<u>8,290,314</u>
Fund Balance - End of Year	<u>\$5,744,038</u>	<u>\$6,484,627</u>	<u>\$7,233,525</u>	<u>\$8,290,314</u>	<u>\$9,050,146</u>

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2012-2016
Summary itself is not audited.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Real Property Taxes	\$4,077,146	\$4,134,057	\$4,185,478	\$4,321,301	\$4,406,739
Special Assessments	3,137	0	0	0	0
Departmental Income	4,428,085	4,053,633	4,027,422	4,140,116	4,474,349
Intergovernmental Charges	237,230	246,661	254,061	261,683	269,525
Use of Money and Property	11,607	10,489	6,286	4,564	6,229
Miscellaneous	194,482	180,145	122,078	64,639	241,835
State aid	98,500	124,063	124,863	155,437	125,000
Total Revenues	<u>9,050,187</u>	<u>8,749,048</u>	<u>8,720,188</u>	<u>8,947,740</u>	<u>9,523,677</u>
Expenditures and Other Uses					
Transportation	1,542,196	1,753,135	1,808,673	1,943,551	1,761,038
Home & Community Service	3,276,434	3,427,403	3,363,841	3,262,385	3,389,951
Employee Benefits	1,669,532	1,696,193	1,760,189	1,725,775	1,732,925
Debt Service	1,024,439	1,188,476	1,349,112	1,399,627	1,448,791
Total Expenditures	<u>7,512,601</u>	<u>8,065,207</u>	<u>8,281,815</u>	<u>8,331,338</u>	<u>8,332,705</u>
Excess of Revenues over Expenditures	<u>1,537,586</u>	<u>683,841</u>	<u>438,373</u>	<u>616,402</u>	<u>1,190,972</u>
Other Uses					
Interfund Transfers	(821,461)	(639,569)	(658,974)	(612,510)	(609,844)
Net Change in Fund Balances	<u>716,125</u>	<u>44,272</u>	<u>(220,601)</u>	<u>3,892</u>	<u>581,128</u>
Fund Balance - Beginning of Year	<u>3,448,976</u>	<u>4,165,101</u>	<u>4,209,373</u>	<u>3,988,772</u>	<u>3,992,664</u>
Fund Balance - End of Year	<u>\$4,165,101</u>	<u>\$4,209,373</u>	<u>\$3,988,772</u>	<u>\$3,992,664</u>	<u>\$4,573,792</u>

* Special Revenue Funds include Highway, Water and Sewer Districts

Sources:

Annual Audited Financial Reports for Fiscal Years Ending December 31, 2012-2016
Summary itself is not audited.

**TOWN OF GRAND ISLAND, NEW YORK
Budget Summaries**

Fiscal Year Ending December 31, 2017:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Budget Resource (Deficiency)</u>	<u>Net Tax Levy</u>
General	\$7,786,535	\$3,746,481	\$1,704,752	\$2,335,302
Fire Protection District	1,329,905	350	38,700	1,290,855
Highway	3,482,313	503,500	246,813	2,732,000
Debt Service	656,540	651,540	5,000	0
Consolidated Sewer District	3,834,713	2,243,200	526,913	1,064,600
Consolidated Water District	2,858,563	1,940,950	207,029	710,584
Lighting Districts	210,280	0	23,438	186,842
Garbage District	1,415,840	350	29,820	1,385,670
Total	\$21,574,689	\$9,086,371	\$2,782,465	\$9,705,853

Fiscal Year Ending December 31, 2016:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Budget Resource (Deficiency)</u>	<u>Net Tax Levy</u>
General	\$7,354,227	\$3,329,600	\$1,703,410	\$2,321,217
Fire Protection District	1,293,955	150	10,000	1,283,805
Highway	3,437,870	398,000	334,585	2,705,285
Debt Service	670,410	597,310	73,100	0
Consolidated Sewer District	3,564,982	2,243,400	342,732	978,850
Consolidated Water District	2,840,205	1,834,150	295,471	710,584
Lighting Districts	209,522	0	33,302	176,220
Garbage District	1,401,820	500	22,300	1,379,020
Total	\$20,772,991	\$8,403,110	\$2,814,900	\$9,554,981

Source: Budget summary extracted from Annual Budget.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

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

<https://emma.msrb.org/ER1064944-ER834078-ER1234979.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Bonadio & Co., LLP has not been requested by the Town to
further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**