

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 17, 2017

**NEW ISSUE
SERIAL BONDS**

Rating: See “Rating” herein

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

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

**VILLAGE OF GREAT NECK ESTATES
NASSAU COUNTY, NEW YORK**

\$500,000*

**PUBLIC IMPROVEMENT SERIAL BONDS – 2017
(the “Bonds”)**

Dated: Date of Delivery

Due: September 1, 2018 to 2032

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

The Bonds will be dated their date of delivery, will bear interest from such date payable September 1, 2018 and semiannually thereafter on each March 1 and September 1 until maturity and will mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The Bonds are not subject to optional redemption prior to maturity. (See “Optional Redemption” herein.)

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

Capital Markets Advisors, LLC has served as Municipal Advisor to the Village in connection with the issuance of the Bonds.

The Bonds are offered when, as, and if issued by the Village and accepted by the purchaser, subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made on September 12, 2017.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE VILLAGE FOR THE PURPOSES OF SECURITY AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”).

Dated: August __, 2017

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Bonds mature on September 1 in each of the years as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
		%	%			%	%
2018	\$25,000			2026	\$35,000		
2019	30,000			2027	35,000		
2020	30,000			2028	35,000		
2021	30,000			2029	35,000		
2022	30,000			2030	35,000		
2023	30,000			2031	40,000		
2024	35,000			2032	40,000		
2025	35,000						

* The principal maturities of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law.

**VILLAGE OF GREAT NECK ESTATES
NASSAU COUNTY, NEW YORK**

**MAYOR
WILLIAM D. WARNER, DDS**

BOARD OF TRUSTEES

Jeffrey FarkasDeputy Mayor

Howard Hershenhorn Trustee

Lanny Oppenheim Trustee

Ira D. Ganzfried..... Trustee

Kathleen L. Santelli..... Village Clerk-Treasurer/Administrator

A. Thomas Levin, Esq..... Village Attorney

BOND COUNSEL

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

MUNICIPAL ADVISOR

**Capital Markets Advisors, LLC
Great Neck, New York
(516) 487-9815**

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

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OFFICIAL STATEMENT

VILLAGE OF GREAT NECK ESTATES NASSAU COUNTY, NEW YORK

relating to

\$500,000*

PUBLIC IMPROVEMENT SERIAL BONDS – 2017 (the “Bonds”)

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Village of Great Neck Estates, in the County of Nassau, in the State of New York (the “Village”, “County” and “State,” respectively) in connection with the sale of \$500,000* Public Improvement Serial Bonds – 2017 (the “Bonds”).

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

THE BONDS

Description

The Bonds will be dated their date of delivery, will bear interest from such date payable September 1, 2018 and semiannually thereafter on each March 1 and September 1 until maturity and will mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The Bonds are not subject to optional redemption prior to maturity.

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

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

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the General Municipal Law, Village Law, the Local Finance Law, and two bond resolutions duly adopted by the Village Board on November 24, 2016, authorizing the issuance of \$300,000 of bonds by the Village to fund the construction of improvements to the pool located at Waterfront Park and \$200,000 of bonds by the Village to fund the reconstruction of the basketball courts located on Shore Drive in the Village, respectively. The proceeds from the sale of the Bonds will be used to provide original financing for such improvements.

*Preliminary, subject to change.

Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Nature of Obligation

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein.)

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

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond in the aggregate principal amount of such issues 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive

written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

Source: The Depository Trust Company

REMEDIES UPON DEFAULT

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

constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

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

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

Pursuant to Article VIII, Section 2 of the State Constitution, the Village is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such

pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

NO PAST DUE DEBT

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

BANKRUPTCY

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

Bankruptcy proceedings by the Village could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Village after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provision intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provision of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

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

The State has consent (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that

there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporation to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Village in the future cannot be assured.

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

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

FINANCIAL CONTROL BOARDS

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Village has not applied to the FRB and does not reasonably anticipate submission of a request or has it applied to the FRB for a comprehensive review of

its finances and operations. School districts and fire districts are not eligible for FRB assistance. As of the date hereof, the Village has not applied for FRB assistance.

MARKET FACTORS

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

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

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

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

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

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

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

LITIGATION

In common with other Villages, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the Village, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

In general, if an owner acquires the Bonds for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

RATING

The Village has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. Such application is pending at this time.

Moody's currently assigns an underlying credit rating of "Aa2" to the outstanding, uninsured bonded indebtedness of the Village.

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information regarding the Village may be obtained from Ms. Kathleen Santelli, Village Administrator, (516) 482-8283, admin@vgne.com, or from the Village’s Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, (516) 487-9815. The Village will act as Paying Agent with respect to the Bonds. The Village Administrator noted above is the Paying Agent contact.

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

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

Hawkins Delafield & Wood, LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Village for use in connection with the offer or sale of the Bonds, including this Official Statement. This Official Statement is submitted only in connection with the sale of the Bonds by the Village and may not be reproduced or used in whole or in part for any other purpose.

VILLAGE OF GREAT NECK ESTATES
NASSAU COUNTY, NEW YORK

By: _____
Kathleen L. Santelli
Village Administrator

DATED: August __, 2017

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APPENDIX A

THE VILLAGE

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THE VILLAGE

General Information

The Village, incorporated in 1911, is located in the northwest section of Nassau County, within the Great Neck Peninsula. The Village is one of many villages located on the peninsula, which is bounded on the west by Little Neck Bay, and on the east by Manhasset Bay. It is situated in the Town of North Hempstead, approximately 16 miles from Manhattan. The Village has a present population of 2,809 according to 2015 United States Census data.

The Village is primarily a residential suburb. There are shopping and commercial centers located in the adjoining villages of Great Neck and Great Neck Plaza and nearby Manhasset where the celebrated “Miracle Mile”, which includes many high end retail stores, is located. Within close proximity to the Village limits are branches of Bank of America, TD Bank, Astoria Federal Savings Bank, Chase Bank and Citibank, N.A.

A network of roads leads to and from the Village, giving vehicular traffic ready access to the major east-west arteries leading either into New York City, or to eastern Long Island. These include Northern Boulevard (Route 25A), Northern State Parkway, Long Island Expressway.

The Long Island Railroad operates at frequent intervals from a nearby station in Great Neck Plaza, which adjoins the Village to the south. The trip to midtown Manhattan from the Village is approximately 30 minutes by train.

A Building Zone Code adopted by the Board of Trustees regulates the use of land and the type of construction which may be erected within the Village. In general, the entire Village is restricted to residential construction, except for certain portions abutting Middle Neck Road and Cutter Mill Road which are zoned for business.

The Village maintains its own police and public works departments. The Vigilant Volunteer Fire Company serves the Village. The Village provides snow clearing and sanding services for Village streets, and contracts for garbage removal services.

The Government

The Village Board of Trustees (the “Board”) is the legislative, appropriating, governing and policy-determining body of the Village and consists of four trustees, elected at large to serve two-year terms, plus the Mayor, who likewise serves a two-year term. Each Trustee may serve an unlimited number of terms. The Mayor may also serve an unlimited number of two-year terms. Every two years the voters of the Village elect a Mayor and two Trustees and in the intervening year, the voters elect two Trustees. It is the responsibility of the Board to enact legislation by resolution and by local law, after public hearing. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The Village Board delegates the power to issue indebtedness of the Village to the Treasurer.

The Mayor has the right to succeed him or herself, without limit as to the number of terms. In addition, the Mayor is a full member of and the presiding officer of the Board. The Mayor has a number of appointment powers, some of which are subject to the approval of the Board.

The Board has combined the offices of Clerk and Treasurer into a single office of Clerk-Treasurer, and designated that office as Village Administrator. The Village Administrator is appointed by the Mayor, subject to confirmation by the Board and serves at the pleasure of the Board. The Village Administrator’s responsibilities include custody of the corporate seal, books, records, and papers of the Village and all reports, communications and minutes of meetings of the Village boards and commissions. The Village Administrator is the chief fiscal officer of the Village responsible for maintaining Village accounting records, collection of taxes, personnel records, investment of Village funds, and debt management.

The Village Attorney is also appointed by the Mayor, subject to Board confirmation.

Village Services

The Village offers a full range of services including police (professional) and fire (volunteer) protection, refuse collection, snow removal, street lighting and traffic control, road maintenance, sanitary and storm sewer maintenance, building inspection and parks and recreational services. Each of these services is funded by real property taxes or user fees. Ambulance services are provided by the Vigilant Fire Company. Other major services, including social services and housing, can be obtained through Nassau County and the Town of North Hempstead.

The Village Board exercises no oversight over school operations which are governed by a separately elected board. Other services performed at the Village level include zoning, administration and planning and architectural review.

Employees

The Village employs approximately 32 full time, 1 part time and approximately 51 seasonal employees. The employees represented by collective bargaining organizations as follows:

<u>Number of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
9	CSEA	05/31/22
3	SOA (Sergeants)	12/31/17
9	Great Neck Estates PBA (Officers)	12/31/17

Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "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.) The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement 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 five years of credited service, except for members hired after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems 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. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three percent or more of their gross annual salary toward the costs of retirement programs for the duration of their employment.

On December 10, 2009, Governor Paterson signed into law a new Tier V. The law is effective for new ERS and PFRS employees hired between January 1, 2010 and March 31, 2012. New ERS and PFRS employees will now contribute 3% of their salaries. There is 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 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years.

The billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Village. Under the previous method, the Village was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Village is notified of and can include the actual cost of the employer contribution in its budget. The Village is also required to make a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments is February 1. The New York State Retirement System has advised the Village that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Village has prepaid its employer contribution in December since the option was made available in 2004.

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

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by Chapter 49. Contribution rates are expected to remain higher than the minimum contribution rates set by Chapter 49 in the near-term. To mitigate the expected increases in the employer contribution rate in 2010, legislation was enacted that authorizes local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. This legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village amortized a portion of its ERS and PFRS payments due in 2012 and 2013 pursuant to the 2010 legislation. The village did not amortize outstanding amounts in the years prior to the end of the May 31st, 2016 fiscal year. For the 2016 Bill, the Village's required contribution to ERS and PFRS was \$724,810.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified the 2010 law discussed above, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The Village has not participated in the updated SCO plan and currently has no plans to participate in the future.

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 Village account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every 2 years for the Village.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its actuarial accrued liability ("AAL") for OPEB as of May 31, 2016 was approximately \$8,400,000. For the year ended May 31, 2016, the Village's ARC was \$750,000.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post employment benefits. The State Comptroller's proposal would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the State Comptroller's proposal, there are no limits on how much a local government can deposit into the trust. The bill was not enacted in the last legislative session and the Village cannot predict when it will be enacted into law.

FINANCIAL FACTORS

Independent Audit

The financial statements of the Village are audited by the firm of Satty, Levine & Ciacco, CPA's, P.C., independent certified public accountants. Appendix B to this Official Statement presents a summary of the audited financial statements for each of the last five fiscal years ended May 31. Appendix C to this Official Statement presents a link to the Audited Financial Statement for the fiscal year ended May 31, 2016.

Fund Structures and Accounts

The accounting practices of the Village conform to those prescribed by generally accepted accounting principles and by the New York State Department of Audit and Control "Uniform System of Accounts".

Revenues are recorded when measurable and available to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, state and federal aid, sales tax and user fees such as 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 Village 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 accounted for 79.71% of total general fund revenues for the fiscal year ended May 31, 2016 and State aid accounted for 1.80%.

Real Property Taxes

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

<u>Fiscal Year Ending May 31:</u>	<u>Property Taxes</u>		
	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2012	\$8,269,543	\$6,775,866	81.94%
2013	8,554,247	6,956,943	81.33
2014	8,827,147	7,160,286	81.12
2015	9,487,600	7,318,009	77.13
2016	9,439,677	7,524,483	79.71
2017 (Adopted Budget)	9,596,633	7,630,318	79.51
2018 (Adopted Budget)	9,432,045	7,673,326	81.35

Source: Audited Financial Statements and Adopted Budget for the Village.

State Aid

The Village also receives a small portion of its revenues in the form of State aid (per capita, mortgage tax and consolidated highway aid). For the fiscal year ended May 31, 2016, State aid represented approximately 1.80% of the total general fund revenues of the Village.

Due to the recent fiscal crisis, there have been reductions in State aid to local governments and school districts, including the Village, in past fiscal years. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in this year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments. Reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Village. (See also "*MARKET MATTERS AFFECTING FINANCINGS OF MUNICIPALITIES OF THE STATE*" herein.)

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

The following table sets forth the total general fund and state aid revenues for the last five audited fiscal years, as well as the amounts budgeted for the two most recent fiscal years.

<u>Fiscal Year Ending May 31:</u>	<u>State Aid</u>		
	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2012	\$8,269,543	\$104,504	1.26%
2013	8,554,247	105,331	1.23
2014	8,827,147	101,201	1.15
2015	9,487,600	149,845	1.58
2016	9,439,677	169,796	1.80
2017 (Adopted Budget)	9,596,633	104,365	1.09
2018 (Adopted Budget)	9,432,045	96,426	1.02

Source: Audited Financial Statements and Adopted Budget for the Village.

Budget Process

Pursuant to Section 5-500 of the Village Law, the Mayor is the budget officer. The budget officer prepares a tentative budget each year and furnishes a copy to each member of the Board. The tentative budget must also be filed in the office of the Village Clerk-Treasurer.

The Village Clerk-Treasurer presents the tentative budget to the Board. The Board reviews the tentative budget and makes such changes, alterations and revisions as it shall consider advisable and holds a public hearing thereon. Subsequent to the public hearing, revisions (if any) are made and the budget is then adopted by the Village as its final budget for the coming fiscal year. The budget is not subject to referendum.

Chapter 97 of the Laws of 2011, as amended, (the “Tax Levy Limit Law”) imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions outlined in the new law. All budgets of the Village adopted in accordance with the procedure discussed herein are subject to the requirements of such law. (See “Tax Levy Limit Law” herein).

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

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

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

The most current applicable report of the State Comptroller designates the Village as “no designation.”

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

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes.

Investment Policy Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Village 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 Village 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 of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village; (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 Village pursuant to law, in obligations of the Village.

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 Village, 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 Village 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 Village are made in accordance with such policy.

REAL PROPERTY TAXES

Real Property Tax Collection Procedures

The Village collects its own taxes. Tax payments are due on June 1 each year and are payable without penalty during the month of June. Penalties for tax delinquencies are imposed at the rate of 5% for the first month and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter. The Village enforces liens for unpaid real estate taxes in the manner set forth in the Real Property Tax Law.

Real Property Tax Rates, Levies and Assessments

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

Tax Rates, Levies and Assessments

	<u>2013</u>	<u>2014⁽¹⁾</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Valuation	\$18,836,841	\$1,213,780,612	\$1,214,573,168	\$1,226,914,937	\$1,269,814,927
Equalization Rates	1.56%	100.00%	100.00%	100.00%	100.00%
Full Valuation	1,207,489,807	1,213,780,612	1,214,573,168	1,226,914,937	1,269,814,927
Village Tax Levy	6,885,660	7,151,595	7,305,659	7,514,853	7,630,320
Tax Rates per \$1,000 A.V.	368.80	5.89	6.02	6.13	6.009

(1) In 2014, the State set the equalization rate to 100% of the full valuation of property in the Village.

Source: New York State Office of Real Property Services.

Real Estate Tax Levy Limitation

The Village is responsible for levying taxes for Village purposes. The Village's real property tax levying powers, other than for debt service and certain other enumerated purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable real property of the Village.

The following table sets forth the computation of the Village's real estate tax levying limitation and the determination of its tax margin for the fiscal year ending May 31, 2017.

Real Property Tax Assessment and Rates

<u>Assessment Year</u>	<u>Fiscal Year Ending May 31</u>	<u>Assessed Valuation</u>	<u>State Equalization Ratio</u>	<u>Full Valuation</u>
2012	2013	\$ 18,836,841	1.56%	\$1,216,142,692
2013	2014	1,213,780,612	100.00	1,213,780,612
2014	2015	1,214,573,168	100.00	1,214,573,168
2015	2016	1,226,914,937	100.00	1,226,914,937
2016	2017	1,269,814,927	100.00	1,269,814,927
				<u>\$ 6,141,226,336</u>
Five-Year Average Valuation				<u>\$1,228,245,267.20</u>
Tax Levying Limitation: 2% of Average Five-Year Full Valuation:				24,564,905
Exclusions Added Thereto:				0
Maximum Taxing Power				24,564,905
Real Estate Tax Levy for 2016-2017				7,630,320
Constitutional Net Tax Margin				<u>\$16,934,585</u>
Percent of Tax Limitation Exhausted				<u>31.06%</u>

Source: Village Clerk-Treasurer, and the New York State Office of Real Property Services.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended, (the “Tax Levy Limit Law”), all the taxable real property within the Village has been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012 continuing through June 15, 2020 or later as provided in the Tax Levy Limit Law, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law.

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming 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 bonds or notes of the Village or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

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Ten Largest Taxpayers

The following table presents the total 2017 assessed valuations of the Village’s largest property owners.

<u>Assessed Valuations</u>			
<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Belgrave Water Pollution Cnttl	Commercial	\$28,165,000	2.22%
M & Z Associates Inc	Commercial	9,000,000	0.71
Kenwood Gardens Inc	Multiple Residence	9,000,000	0.71
200 MN Sun LLC	Commercial	7,770,000	0.61
Jeffrey Farkas	Residence	4,770,000	0.38
Sergio Vee	Residence	4,435,000	0.35
Doris Shamuil	Residence	4,300,000	0.34
GN Properties LLC	Commercial	4,210,000	0.33
Sharon Hakmon	Residence	3,925,000	0.31
KAT-V Family Ltd Partnership	Residence	<u>3,775,000</u>	<u>0.30</u>
	Total:	<u>\$79,350,000</u>	<u>6.25%</u>

(1) The total assessed valuation of the Village used for the 2016-2017 year is \$1,269,814,927.

VILLAGE INDEBTEDNESS

Constitutional Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal years, 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; and NO installment more than fifty per centum in excess of the smallest prior installment, unless the Village determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Village is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. The State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore

contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Board of Trustees, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion and (3/5) three-fifths vote of the Board of Trustees.

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

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

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

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

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

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Village for the fiscal year ended May 31, 2017.

<u>Constitutional Debt Limit</u>				
<u>Assessment Roll</u>	<u>Budgeted Year</u>	<u>Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
2012	2013	\$ 18,836,841	1.56%	\$ 1,207,489,807
2013*	2014	1,213,780,612	100.00	1,213,780,612
2014	2015	1,214,573,168	100.00	1,214,573,168
2015	2016	1,226,914,937	100.00	1,226,914,937
2016	2017	1,269,814,927	100.00	1,269,814,927
Total Five-Year Full Valuations				\$ 6,141,226,336
Average Full Valuation				<u>1,228,245,267</u>
Debt Limit - 7 per centum of Average Full Valuation				<u>\$ 85,977,169</u>

*Changed to 100% of full valuation

Source: Village Assessor's Office

Statement of Debt Contracting Power

<u>Statutory Debt Limit and Net Indebtedness</u>	
(As of August 17, 2017)	
Debt-Contracting Limitation:	\$85,977,169
Gross Direct Indebtedness:	
Bonds:	
General Purpose	\$2,525,000
Bond Anticipation Notes:	
General Purpose	<u>0</u>
Total Gross Direct Indebtedness	\$ 2,525,000
Less Exclusions and Deductions:	
Appropriations for Non-Exempt Indebtedness During 2017/2018 Fiscal Year	305,000
Total Exclusions:	<u>305,000</u>
Total Net Direct Indebtedness	<u>\$ 2,220,000</u>
Debt-Contracting Margin	<u>\$88,197,169</u>
Percentage of Debt-Contracting Power Exhausted	<u>2.58%</u>

Direct and Overlapping Indebtedness

The real property taxpayers of the Village 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 Village's equalized property values taken as a percentage of each separate units' total values. The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property in the Village of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>Village Share</u>	<u>Amount Applicable To District</u>
Nassau County	\$3,593,312,000	04/30/17	0.433%	\$15,559,040
North Hempstead Town	251,629,685	03/14/17	1.921	4,833,806
Great Neck UFSD	5,885,000	06/30/16	7.398	<u>435,372</u>
Total Net Overlapping Debt				<u>\$20,828,218</u>
Total Net Direct Debt				<u>2,220,000</u>
Net Direct and Overlapping Debt				<u>\$ 23,048,218</u>

Debt Ratios

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

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Full Value ⁽²⁾</u>
Net Direct Debt	\$ 2,220,000	\$ 790.32	0.04%
Net Direct and Overlapping Debt	23,048,218	8,205.13	0.04

(1) The population of the Village is 2,809 according to the 2015 Census.

(2) The Village's full value of taxable real property used to levy taxes in 2016-2017 is \$1,269,814,927.

Bond Anticipation Notes

The Village does not currently have any outstanding bond anticipation notes.

Tax Anticipation Notes and Revenue Anticipation Notes

The Village has not issued tax anticipation notes and revenue anticipation notes during the last five years.

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.

	<u>Outstanding Indebtedness</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽¹⁾</u>
Serial Bonds	\$3,537,000	\$3,279,000	\$2,603,000	\$3,412,000	\$2,551,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outstanding Debt	<u>\$3,537,000</u>	<u>\$3,279,000</u>	<u>\$2,603,000</u>	<u>\$3,412,000</u>	<u>\$2,551,000</u>

(1) Unaudited results.

Source: Audited Financial Statements of the Village.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Village's outstanding bonded indebtedness, exclusive of the Bonds, for the fiscal years ending as follows:

<u>Bond Principal and Interest Maturity</u>			
Fiscal Year <u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 331,000	\$ 80,464	\$ 411,464
2019	310,000	72,225	382,225
2020	245,000	65,885	310,885
2021	250,000	58,198	308,198
2022	250,000	50,135	300,135
2023	255,000	41,988	296,988
2024	265,000	32,338	297,338
2025	235,000	22,084	257,084
2026	235,000	12,725	247,725
2027	85,000	3,259	88,259
2028	<u>90,000</u>	<u>1,125</u>	<u>91,125</u>
Total:	<u>\$2,551,000</u>	<u>\$440,426</u>	<u>\$2,991,426</u>

(1) For the entire fiscal year.

Source: Village Officials.

Authorized and Unissued Indebtedness

Following the issuance of the Bonds, the Village will not have any authorized but unissued indebtedness.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends based upon recent census data.

	<u>Population Trends</u>		
	<u>2010</u>	<u>2015</u>	Percentage Change <u>2010-2015</u>
Village	2,761	2,809	1.74%
Town	226,322	229,105	1.23
County	1,339,532	1,354,612	1.13
State	19,379,102	19,673,174	1.52

Source: U.S. Census Bureau.

Income

The following table presents median household income for the Town, County and State. The figures provided for the Town, County, and State are not necessarily representative of the Village.

	<u>Median Household Income</u>	
	<u>2010</u>	<u>2015</u>
Town	\$135,104	\$176,250
County	93,613	99,465
State	55,603	59,269

Source: U.S. Census Bureau.

Employment and Unemployment

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

	<u>Civilian Labor Force</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	111,000	111,400	110,000	112,700	112,700
County	693,400	694,600	684,900	669,600	699,000
State	9,615,000	9,631,800	9,569,100	9,591,200	9,584,500

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

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

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2012	6.3	7.0	8.5
2013	5.4	5.9	7.7
2014	4.4	4.8	6.3
2015	3.9	4.2	5.3
2016	3.6	3.9	4.8

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

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
July 2016	3.7 %	4.1 %	5.0
August	3.6	4.0	4.9
September	3.9	4.1	4.9
October	3.7	3.9	4.8
November	3.5	3.7	4.5
December	3.4	3.6	4.5
January 2017	3.9	4.1	4.9
February	4.1	4.3	5.0
March	3.4	3.7	4.4
April	3.4	3.7	4.2
May	3.5	3.8	4.3
June	3.8	4.1	4.5

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

Major Employers in the Village

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Clover Drive School	School	74
Village of Great Neck Estates	Municipality	33
Silverstein Academy	School	26
DeFranco Spagnola S	Hair Salon/Spa	25

Source: Village Officials.

Utilities

The residents of the Village receive electricity service from the Long Island Power Authority (“LIPA”), natural gas service from Brooklyn Union Gas and water services from the Water Authority of Great Neck North.

The Village does not own or operate its own sewer collection system. Village residents rely on the Great Neck Water Pollution Control District and the Belgrave Water Pollution Control District for the transfer and treatment of such effluent.

Transportation

An extensive network of roads lead to and from the Village, giving surface traffic ready access to the major east-west arteries leading either into New York City, or to eastern Long Island. These include; Northern Boulevard (Route 25A), Northern State Parkway, Long Island Expressway.

Great Neck is one of the major stops on the Long Island Rail Road and serves the many Great Neck and other area residents who commute to New York City. The station is on a line which does not necessitate stopping in Jamaica, and the scheduled commuting time between the Village and New York City is 30 minutes.

Education and Culture

The Village contains two parks and is served by the Great Neck Library District and the Water Authority of Great Neck North, as well as various private utilities. Primary and secondary education is provided by the Great Neck Union Free School District. The Village derives fire protection and ambulance services from the Vigilant Engine, Hook and Ladder Company. The fire company is comprised of volunteers with a small number of paid professionals. The Great Neck Estates Police Department provides police protection to the Village.

Colleges and Universities in the area include Adelphi University, Hofstra University, Long Island University (C.W. Post).

End of Appendix A

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APPENDIX B

SUMMARY FINANCIAL STATEMENTS

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VILLAGE OF GREAT NECK ESTATES

Adopted Budgets - General Fund
Fiscal Year ending May 31:

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Tax	\$ 7,630,318	\$ 7,673,326
Other Tax Items	33,500	33,693
Non-Property Taxes	89,000	88,000
Departmental Income	304,600	308,600
Sewer Assessments	171,000	169,500
Use of Money and Property	22,500	25,000
Licenses and Permits	329,000	282,500
Fines and Forfeitures	600,000	555,000
State Aid	104,365	96,426
Transfer In - Incentives	37,350	-
Appropriated Fund Balance	275,000	200,000
	<hr/>	<hr/>
Total Revenues	<u>\$ 9,596,633</u>	<u>\$ 9,432,045</u>
Expenditures:		
General Government Support	\$ 1,024,650	\$ 1,007,046
Public Safety	3,586,176	3,738,096
Health	98,137	99,774
Transportation	526,271	532,307
Culture and Recreation	771,477	828,400
Home & Community Services	562,450	583,000
Employee Benefits	2,067,879	2,170,958
Debt Service	959,593	472,464
	<hr/>	<hr/>
Total Expenditures	<u>\$ 9,596,633</u>	<u>\$ 9,432,045</u>

Source: Adopted Budgets of the Village.

VILLAGE OF GREAT NECK ESTATES

Balance Sheet
General Fund
Fiscal Year Ended May 31:

	<u>2015</u>	<u>2016</u>
Assets and Other Debits		
Assets:		
Cash	\$ 3,335,596	\$ 4,103,032
Real Estate Taxes Receivable	2,950	5,570
Accounts Receivable	5,474	3,623
Due From Other Governments	126,704	87,266
Due From Other Funds	103,976	212,729
	\$ 3,574,700	\$ 4,412,220
Total Assets	\$ 3,574,700	\$ 4,412,220
Liabilities and Fund Balance:		
Liabilities		
Accounts Payable	\$ 489,072	\$ 304,303
Incentive Zoning Deposits	447,337	465,689
Deferred Revenues	0	5,000
Compensated Absences	217,376	217,376
	\$ 1,153,785	\$ 992,368
Total Liabilities	\$ 1,153,785	\$ 992,368
Fund Equity:		
Fund Balance - Restricted:		
For Encumbrances:	\$ 10,094	\$ -
For Debt	64,286	0
Fund Balance - Assigned:	215,000	275,000
Fund Balance - Unassigned:	2,131,535	3,144,852
	2,420,915	3,419,852
Total Fund Balance	2,420,915	3,419,852
Total Liabilities and Fund Balance	\$ 3,574,700	\$ 4,412,220

Source: Audited Financial Statements of the Village.

VILLAGE OF GREAT NECK ESTATES

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ended May 31:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes:	\$6,775,866	\$6,956,943	\$7,160,286	\$7,318,009	\$7,524,483
Sewer Assessments	132,693	149,479	155,185	173,120	166,748
Other Tax Items	21,379	21,280	34,950	49,175	28,758
Non-Property Tax Items	86,718	86,020	93,373	92,595	87,432
Departmental Income	277,749	324,783	282,318	291,746	296,553
Licences and Permits	315,240	266,533	266,866	441,155	381,023
Use of Money & Property	34,261	30,413	25,957	23,456	23,640
Fines and Forfeitures	384,085	412,295	644,469	781,967	604,233
Sale of Prop. & Comp. for Loss	416	31,233	1,217	3,183	22,466
Refund of Prior Year Appropriations	0	0	0	5,686	0
Miscellaneous Local Sources	73,321	14,739	58,153	157,663	134,545
Federal Aid	63,311	155,198	3,172	0	0
State Aid	104,504	105,331	101,201	149,845	169,796
	<u>\$8,269,543</u>	<u>\$8,554,247</u>	<u>\$8,827,147</u>	<u>\$9,487,600</u>	<u>\$9,439,677</u>
Total Revenue					
Expenditures:					
General Government Support	\$1,190,193	\$1,179,965	\$1,246,038	\$1,209,444	\$1,203,541
Public Safety	3,192,370	3,430,578	3,421,900	3,399,512	3,337,280
Health	88,938	87,738	90,201	93,330	95,875
Transportation	364,565	547,529	455,831	455,085	449,237
Culture and Recreation	719,116	777,438	782,491	793,984	848,408
Home & Community Services	128,199	145,482	146,375	162,423	168,507
Employee Benefits	1,478,977	1,548,355	2,120,957	1,948,652	1,799,892
Debt Service	978,667	664,200	731,760	769,605	750,729
	<u>\$8,141,025</u>	<u>\$8,381,285</u>	<u>\$8,995,553</u>	<u>\$8,832,035</u>	<u>\$8,653,469</u>
Total Expenditures					
Other Financing Sources (Uses):					
Operating Transfers In (out)	\$221	\$1,241	\$747	\$22,446	\$212,729
Proceeds of obligations	0	0	0	0	0
	<u>221</u>	<u>1,241</u>	<u>747</u>	<u>22,446</u>	<u>212,729</u>
Total Other Sources (Uses)					
Excess (Def) of Revenues & Other Sources Over Expenditures & Other Uses	128,739	174,203	(167,659)	678,011	998,937
Fund Balance - Beg. of Year	1,607,621	1,736,360	1,910,563	1,742,904	2,420,915
Fund Balance - End of Year	<u>\$1,736,360</u>	<u>\$1,910,563</u>	<u>\$1,742,904</u>	<u>\$2,420,915</u>	<u>\$3,419,852</u>

Source: Audited Financial Statements of the Village

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APPENDIX C

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING MAY 31, 2016***

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

<https://emma.msrb.org/ER1024212-ER802630-ER1203752.pdf>

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

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

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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Hawkins Delafield & Wood LLP
28 Liberty Street
New York, New York 10005

September 12, 2017

The Board of Trustees of the
Village of Great Neck Estates, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Great Neck Estates (the “Village”), in the County of Nassau, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$500,000 Public Improvement Serial Bonds-2017 (the “Bonds”), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

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

1. The Bonds are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

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

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of

the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Village's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the Village with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

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

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

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX E

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

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APPENDIX E

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the Village of Great Neck Estates, in the County of Nassau, a municipality of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Village Treasurer as of August 29, 2017.

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

“Securities” shall mean the Issuer’s **\$500,000 Public Improvement Serial Bonds-2017**, dated September 12, 2017, maturing in various principal amounts on March 1, 2018 and September 1 in each of the years 2018 to 2032, inclusive, and delivered on the date hereof.

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

- (i) no later than the last day of the sixth month after the end of each fiscal year, commencing with the fiscal year ending May 31, 2017, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be

delivered to the EMMA System within thirty (30) days after they become available and in no event later than 360 days after the end of each fiscal year; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or

governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading: "Litigation" and in Appendix A under the headings: "The Village," "Financial Factors," "Real Property Taxes," "Village Indebtedness" and "Economic and Demographic Data" and in Appendix B.

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

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

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

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

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to the their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

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

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 12, 2017**.

VILLAGE OF GREAT NECK ESTATES

By _____
Village Treasurer and Chief Fiscal Officer