

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2017

**NEW ISSUE
SERIAL BONDS**

**RATING: SEE "RATING" HEREIN
BOOK-ENTRY-ONLY**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters" herein.

The Bonds WILL be designated by the Fire District as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.

**HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2)
IN THE
TOWN OF HARRISON
WESTCHESTER COUNTY, NEW YORK**

**\$800,000
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2017
(the "Bonds")**

Dated: Date of Delivery

Due: December 15, 2019 to 2032

The Bonds are general obligations of the Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, Westchester County, New York (the "Fire District"), and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Fire District, subject to applicable statutory limitations (see "Nature of Obligation" and "Tax Levy Limitation Law" herein).

The Bonds do not constitute a debt of the Town of Harrison or the Village of Harrison. Neither the Town nor the Village shall be liable for the payment of the Bonds.

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

Interest on the Bonds will be payable on December 15, 2018 and semi-annually thereafter on June 15 and December 15 in each year until maturity. The Bonds will mature on the dates in the years and amounts as described on the inside cover page hereof. The record date for the Bonds will be the last business day of the month preceding each interest payment date. Principal of and interest on the Bonds will be paid by the Fire District to DTC which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Purchasers of the Bonds, as described herein. The Bonds will be subject to optional redemption prior to maturity as described herein.

The Bonds are offered subject to the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds in definitive form through the facilities of DTC in Jersey City, New Jersey will be made on or about December 21, 2017.

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

Dated: December __, 2017

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 offered by this Preliminary Official Statement, 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 December 15 in each of the years, subject to prior redemption, as set forth below:

<u>Year</u>	<u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>
		%	%			%	%
2019	\$ 50,000			2026**	\$ 55,000		
2020	50,000			2027**	60,000		
2021	50,000			2028**	60,000		
2022	55,000			2029**	60,000		
2023	55,000			2030**	65,000		
2024	55,000			2031**	65,000		
2025	55,000			2032**	65,000		

* 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.

** The Bonds maturing in the years 2026 and thereafter will be subject to redemption prior to maturity, as described herein. (See “*Optional Redemption*” herein.)

**HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2)
IN THE
TOWN OF HARRISON
WESTCHESTER COUNTY, NEW YORK**

RONALD BELMONT
Chairman of the Board of Fire Commissioners

BOARD OF FIRE COMMISSIONERS

Marlane Amelio Commissioner
Richard Dioniso Commissioner
Stephen Malfitano Commissioner
Fred W. Sciliano Commissioner

Maureen Mackenzie Fire District Treasurer
Jacqueline Greer Fire District Clerk

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 472-7049

No dealer, broker, salesman or other person has been authorized by the Fire District 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 Fire District. 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 Fire District 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 Fire District since the date hereof.

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OFFICIAL STATEMENT

HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2) IN THE TOWN OF HARRISON WESTCHESTER COUNTY, NEW YORK

relating to

\$800,000 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 Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, in the County of Westchester, in the State of New York (the “Fire District”, “Town”, “County” and “State,” respectively) in connection with the sale of \$800,000 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 Fire District 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 Fire District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds are dated their date of delivery and mature as set forth on the inside cover page hereof. Interest on the Bonds will be payable on December 15, 2018, and semi-annually thereafter on June 15 and December 15 in each year until maturity. The Bonds will mature on December 15 in the years and amounts as described on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein (See “*Optional Redemption*” herein).

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

Principal of and interest on the Bonds will be paid by the Fire District to DTC which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Purchasers, as the Beneficial Owners 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 Fire District referred to therein.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the General Municipal Law, Town Law, the Local Finance Law, and a bond resolution duly adopted by the Town Board, acting as the Board of Commissioners of the Fire District, on December 15, 2016 to pay \$800,000 of the cost of purchase of a fire truck with a maximum estimated cost of \$1,500,000. Proceeds from the sale of the Bonds will be used to provide original financing for such purpose pursuant to the resolution.

Optional Redemption

The Bonds maturing on or before December 15, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on or after December 15, 2026 will be subject to redemption prior to maturity, at the option of the Fire District, on December 15, 2025 and thereafter on any date, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the price equal to the par principal amount, plus accrued interest to the date of redemption.

If less than all the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by the Fire District by lot or in any customary manner of selection as determined by the Treasurer of the Fire District. Notice of such a call for redemption shall be given by mailing such notice to the registered owner thereof not more than sixty (60) days nor less than thirty (30) days prior to such date by regular United States mail. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such notice, become due and payable, together with interest accrued to such redemption date, and interest on such Bonds shall cease to be paid after such redemption date.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds of the Fire District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and the interest thereon as required by Section 100.00 of the Local Finance Law. For the payment of such principal and interest, the Fire District has power and statutory authorization to levy ad valorem taxes on all real property within the Fire District subject to such taxation by the Fire District, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments, fire districts and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities, including fire districts, and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Fire District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Fire District’s power to increase its annual tax levy with the amount of such increase

limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts (but not district corporations) in New York State, while not directly applicable to fire districts, is effectively applicable by Section 100.00 of the Local Finance Law and has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations. It should be noted that these provisions do not by their terms apply to fire districts.

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

Investors should note that these Constitutional provisions do not, by their terms, apply to fire districts; however, such cases do provide judicial interpretations of the faith and credit pledge which is required of fire districts by section 100.00 of the Local Finance Law.

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

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applications to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies. It also applies to fire districts.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the Fire District and the holder thereof. Under current law, provision is made for contract creditors of the Fire District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Fire District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be

construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Fire District may not be enforced by levy and execution against property owned by the Fire District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. This provision by its terms does not presently apply to fire districts.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975, applicable to municipalities (counties, cities, towns and villages).

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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. This provision does not apply to fire district by its terms and in any event, no such emergency has been declared with respect to the Fire District.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply to fire districts nor, in general in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police

powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

Book-Entry-Only System

The Bonds are registered to Cede & Co., the Depository Trust Company (“DTC”), New York, New York, DTC will act as securities depository for the Bonds (the “Bonds”) and 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 maturity of the Bonds and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Fire District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 Fire District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Fire District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fire District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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

THE FIRE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE FIRE DISTRICT MAKES NO REPRESENTATION AS TO THE

COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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

The financial condition of the Fire District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Fire District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions, thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Fire District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected. See "Tax Levy Limitation Law" herein.

LITIGATION

Except as otherwise set forth herein and apart from matters provided for by applicable insurance coverage, the attorneys for the Fire District are unaware of any claims or action pending which, if determined against the Fire District, would have an adverse material effect on the financial condition of the Fire District.

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

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

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Recent legislative proposals generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Fire District has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced under the headings "The Fire District", "Financial Factors", "Tax Information", "District Indebtedness", "Litigation" and Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2017, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2017; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Fire District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the

State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Fire District of whether such provision is compliant with the requirements of federal securities law including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) bond calls, if material and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Fire District; (xiii) the consummation of a merger, consolidation, or acquisition involving the Fire District or the sale of all or substantially all of the assets of the Fire District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Fire District 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 Fire District, 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 Fire District.

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

(3) in a timely manner, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The Fire District’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Fire District, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Fire District to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

The Fire District is in compliance in all material respects with all prior undertakings, if any, made pursuant to the Rule for the past five years.

RATINGS

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

The Fire District does not have an outstanding rating from Moody's.

With respect to the Moody's rating applicable to uninsured debt, such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, 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 has acted as Municipal Advisor to the Fire District in connection with the sale of the Bonds.

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

MISCELLANEOUS

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Fire District management's beliefs as well as assumptions made by, and information currently available to, the Fire District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Fire District files with the repositories. When used in Fire District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

Concurrently with the delivery of the Bonds, the Fire District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Fire District.

The Official Statement is submitted only in connection with the sale of the Bonds by the Fire District and may not be reproduced or used in whole or in part for any other purpose.

HARRISON WATER DISTRICT NO. 2 (FIRE
PROTECTION DISTRICT NO. 2)
WESTCHESTER COUNTY, NEW YORK

By: _____
Maureen MacKenzie
Fire District Treasurer

DATED: December __, 2017

APPENDIX A
THE FIRE DISTRICT

THE FIRE DISTRICT

General Information

The Fire District encompasses an area of approximately 6 square miles in the Town of Harrison (the “Town”). The Town of Harrison, which is coterminous with the Village of Harrison (the “Village”), has a land area of 18 square miles and a population of 27,998 according to the 2015 U.S. Census, is located in the southern portion of Westchester County approximately 25 miles north of New York City. The Village is adjacent to the City of White Plains and the villages of North Castle, Rye and Mamaroneck. The Village is divided into three principal sections: Purchase, West Harrison (Silver Lake) and Harrison proper.

Although primarily residential in nature, the Village is the site of the corporate headquarters of Morgan Stanley, Pepsico Incorporated and Mastercard Incorporated. The Village is also the site of several country clubs, the most prominent of which is the Westchester Country Club.

The Village is traversed by New York State Route 127, the Hutchinson River Parkway and Interstates 287, 684 and 95 (New England Thruway). The Metropolitan Transportation Authority (“MTA”), Metro-North Division, which operates a station in the Village, provides Village residents with electrified rail service south to New York City and to points north. Westchester County Airport, also in the Village, accommodates many corporate aircraft as well as daily scheduled flights by U.S. Airways, American Airlines and JetBlue.

Manhattanville College, Purchase College of the State of New York, Fordham University Graduate Center and St. Vincents Hospital are located within the Village. Also located nearby to the Village is White Plains Hospital.

Police protection is provided by the Village.

Transportation Oriented Development: After several years of negotiations, the Town/Village of Harrison has entered into a Joint Development Agreement (“JDA”) with Avalon Bay Communities, Inc. (“Developer”) and the Metro-North Commuter Railroad Company (“MTA/MNR”) that will result in the construction of approximately 143 luxury apartments, 27,000 square feet of retail space and two pedestrian plazas at the Metro-North Railroad station in the Central Business District of Downtown Harrison, New York. The project will increase parking availability for commuters by 85%. Pursuant to obligations outlined in the JDA, the Village of Harrison is in receipt of a conceptual plan from the Developer and the Land Disposition Agreement (“LDA”) is in the final phase of negotiations and signing of the LDA is believed to be imminent.

The Village is the new home of Memorial Sloan Kettering outpatient treatment facility, which opened in October 2014. Lifetime fitness, a premiere fitness corporation, opened its doors in February, 2014. The facility is considered a diamond, top rated, facility.

Population Trends

<u>Year</u>	<u>Village</u>	<u>Westchester County</u>	<u>New York State</u>
1970	21,544	894,104	18,241,366
1980	23,046	866,599	17,557,288
1990	23,308	874,866	17,990,445
2000	24,154	923,459	18,976,457
2010	27,472	949,113	19,378,102
2015	27,998	967,315	19,673,174

Source: U.S. Department of Commerce, Bureau of the Census. American Community Survey, 5-year estimate.

Comparative Housing, Income and Population Data

	<u>Village</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
<u>Housing:</u>				
Median Value Housing	\$761,200	\$506,900	\$283,400	\$178,600
<u>Income:</u>				
Per Capita Income	60,166	48,885	33,236	28,930
Median Family Income	124,744	108,108	71,913	66,011

Source: 2015 American Community Survey 5-year estimates.

Selected Listing of Major Employers

<u>Employer</u>	<u>Type</u>	<u>Approximate No. of Employees</u>
Morgan Stanley	Corporate Headquarters	1,800
Pepsico, Inc.	Corporate Headquarters	1,500
U.S. Postal Service	Postal Mailing Facility	825
Mastercard, Inc.	Corporate Headquarters	800
Dansk International Designs	Distributor and Retailer	600
Diversified Investment Advisor	Investing Services	555
Consolidated Edison Co. of NY, Inc.	Utility	500
Citigroup	Corporate Headquarters	500

Source: Village Officials

Unemployment Rate Statistics

	<u>Year Average</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Village of Harrison	7.5%	6.3%	5.3%	4.8%	4.5%
Westchester County	7.3%	6.3%	5.1%	4.6%	4.2%
New York State	8.5%	7.7%	6.3%	5.3%	4.8%

Monthly Unemployment Rates

<u>Month</u>	<u>Village</u>	<u>County</u>	<u>State</u>
October 2016	4.4%	4.3%	4.8%
November	4.4	4.1	4.5
December	4.1	4.0	4.5
January, 2017	4.3	4.5	4.9
February	4.8	4.8	5.0
March	4.1	4.1	4.4
April	4.2	4.1	4.2
May	4.3	4.1	4.3
June	5.0	4.5	4.5
July	5.0	4.6	4.9
August	4.5	4.6	4.9
September	4.6	4.5	4.7

Source: State of New York, Department of Labor. (Note: Figures not seasonally adjusted).

Form of Government

The Board of Fire Commissioners is the governing body of the Fire District and consists of four Board members, elected at large to serve four-year terms, plus the Chairman, who serves a two- year term and is also the Town Supervisor in a separate capacity. The Fire Commissioners, who are also Town Board members in a separate capacity, may serve an unlimited number of terms. The original issuance of all Fire District indebtedness is subject to approval by the Board of Fire Commissioners and subsequently by a vote by Fire District residents.

The Town Clerk also acts as the Fire District Secretary and as such is the custodian of the Fire District's records as well as the clerk to the Board of Fire Commissioners.

Employees

The Fire District provides services through 11 full-time employees, who are represented by the following unit of organized labor.

<u>Employees</u>		
<u>Number of Employees</u>	<u>Contract Organization</u>	<u>Contract Expiration Date</u>
11	Uniformed Firefighters Association	12/31/17 ⁽¹⁾

(1) Currently in negotiation.

Source: Fire District Officials

Employee Pension Benefits

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

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

Firefighters who are members of PFRS are divided into four tiers. Retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

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

The New York State Retirement System has advised the Fire District 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 Fire District has prepaid its employer contributions each December since the option was made available in 2004.

For the five years 2012 through 2016, the Fire District’s contributions to the PFRS were: \$441,565, \$534,353, \$501,742; \$490,396 and \$452,493, respectively. The Fire District anticipates that it will contribute \$473,000 to PFRS in 2017 and \$477,184 budgeted for 2018.

Due to significant capital market declines in the recent past, the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State’s Retirement System in 2011 and subsequent years will be higher than the minimum contribution rate established by State law. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5% percent. The new legislation also authorizes local governments and school districts to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. The Fire District did not establish such a reserve account.

Pension Trust – Service Awards Program

The Fire District, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program (“Program”) for volunteer firefighters. This Program is a single employer defined benefit plan. Active volunteer firefighters, upon attainment of age 18, and after a year of service credit in a calendar year after 1994 under the provisions of the Program point system, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning one year of service credit) shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum of \$800. The Program also provides disability and death benefits. The trustees of the Program, who are the members of the Fire District’s Board of Commissioners, are authorized to invest the funds in authorized investment vehicles.

The Fire District is required to contribute the amounts necessary to finance the plan as actuarially determined using the attained age normal frozen initial liability cost method. The assumed investment rate of return is 4.75% and there are no cost of living adjustments.

The Fire District’s contributions to the Program for the five most recent, audited fiscal years were as follows:

Fiscal Year Ended <u>December 31</u>	Annual <u>Contribution</u>
2012	\$132,180
2013	\$130,293
2014	\$124,296
2015	\$127,009
2016	\$117,796

Note: Table itself not audited.

Other Post Employment Benefits

The Fire District’s post-retirement healthcare benefits and other non-pension benefits (“OPEB”) are included in the Town’s GASB 45 report as part of the Town and all of its special districts (although the Fire District is an independent political subdivision). At this time the Fire District’s OPEB obligations have not been separated from the Town’s data. The Town has determined that its actuarial accrued liability (“AAL”) for OPEB as of January 1, 2016 was approximately \$298,253,278. For the year ended December 31, 2016, the Town's annual OPEB cost was \$22,601,980 . At this time, New York State has

not developed guidelines for the creation of methods for the funding of OPEB. The Fire District continues funding the expenditure on a pay-as-you-go basis.

FINANCIAL FACTORS

Budgetary Procedure

The Fire District Treasurer/Comptroller must submit the tentative budget to the Fire District Clerk no later than October 30 of each year. The Fire District Clerk then must present the tentative budget to the Board of Fire Commissioners and the Chairman of the Board of Fire Commissioners for review at a regular or special Board meeting held on or before November 10. In most instances, a public information meeting is also held in order to review the budget. The tentative budget with any changes is then presented as the preliminary budget at a public hearing held on or before December 10, as required by law. The Board of Fire Commissioners must then adopt the budget on or before December 20. The budget is not subject to referendum.

The Fire District can make budget changes within line account items at any point during the year. However, if funds are transferred from one account item to another, the transfer must be approved and formally changed by the Board of Fire Commissioners. This is a continuing process.

Independent Audits

The financial statements of the Fire District are audited by the firm of PKF O'Connor Davies, LLP, independent certified public accountants as a component of the Town/Village of Harrison's financial statements. Appendix B to this Official Statement presents a summary of the audited financial statements for the fiscal years ended December 31, 2012 through 2016.

Basis of Accounting

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

Revenues

Property Taxes The Fire District derives substantially all of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B.) Property taxes accounted for 98.6% of total general fund revenues for the fiscal year ended, December 31, 2016.

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

Fund Revenues & Real Property Taxes

Fiscal Year <u>Ended December 31:</u>	Total <u>Revenues</u>	Real <u>Property Taxes</u>	Taxes to <u>Revenues</u>
2012	\$3,966,893	\$3,849,522	97.04%
2013	4,086,709	3,925,595	96.05%
2014	4,045,566	3,990,376	98.63%
2015	4,117,089	4,052,534	98.43%
2016	4,136,525	4,079,765	98.62%
2017 (Adopted Budget)	4,152,341	4,116,505	99.13%

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

TAX INFORMATION

Valuations and Tax Data

The Fire District is responsible for levying taxes for operating purposes and debt service. Real property in the Fire District is assessed by the Town. See also “TAX LEVY LIMITATION LAW” herein.

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 within the Fire District.

Valuations and Tax Data

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value	\$65,648,845	\$64,647,726	\$64,701,708	\$64,514,626	\$64,241,976
Equal. Ratio	1.74	1.75	1.73	1.60	1.60
Full Value	3,772,922,126	3,694,155,771	3,739,983,121	4,032,164,125	4,015,123,500
Tax Levy ⁽¹⁾	3,925,595	3,990,376	4,052,534	4,079,765	4,116,505
Tax Rate per \$1,000AV ⁽¹⁾	59.796	61.724	62.634	63.237	64.078

(1) Data reflects the Fire District.

Source: Town officials on behalf of the Fire District and the New York State Board of Equalization and Assessment.

Tax Collection Procedures

First half taxes are due on February 1st and are payable during the month of February without penalty. Penalties on first half taxes are 2% in March, 5% in April and May, 6% in June and July and 7% in August. Second half taxes are due in the month of June without penalty. Penalties on second half taxes are 2% in July, 5% in August, 7% in September, 10% in October, November and December and 12% thereafter. The Town collects taxes for the Fire District.

Ten of the Largest Taxpayers

The following table presents the tentative taxable assessments of ten of the Village's largest taxpayers.

<u>Name</u>	<u>Type</u>	<u>2017 Assessed Valuation</u>
Consolidated Edison Co. ⁽¹⁾	Utility	\$3,937,403
MS Harrison LLC	Corporate Headquarters	1,914,500
OCC Purchase LLC	Office Complex	1,600,000
Pepsico, Inc.	Corporate Headquarters	1,404,470 ⁽²⁾
Mastercard International	Corporate Headquarters	1,245,000
County of Westchester	Airport Hanger	1,066,554
500 Mamaroneck Avenue LP. ⁽¹⁾	Office Building	675,000
2500/2700 Westchester Avenue	Office Building	575,000
Harrison Rye Realty ⁽¹⁾	Real Estate	573,170
HTA West Med, LLC	Medical Office Building	<u>570,000</u>
	Total	<u>\$13,561,097⁽³⁾</u>

⁽¹⁾ Located within the Fire District.

⁽²⁾ This taxpayer currently has a PILOT with the Village.

⁽³⁾ Represents approximately 10.26% of the 2017 assessed valuation of \$132,142,701.

Real property subject to Fire District taxation is assessed by the Town. Veterans' and Senior Citizens' exemptions are available for those who qualify.

FIRE DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution (Article VIII, Section 2) does not directly address a Fire District's power to contract indebtedness, and the levy of taxes upon real estate in support thereof (although Article VIII Section 3 thereof does include fire districts in its listing of types of municipal corporations in the State possessing the power to both contract indebtedness and to levy taxes upon real estate). The authorization and issuance of Fire District debt, including the purpose, amount and nature thereof, the method and manner of contracting such indebtedness, the maturity and terms of repayment thereof, the pledge of the faith and credit and other related matters are provided by statute.

The Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York limits the power of the Fire District (and municipalities, school and other fire districts of the State) to issue obligations and to otherwise contract indebtedness. Such limitations include the following, in summary form, and are generally applicable to the Fire District and the Bonds.

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

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

Debt Fire District has the power to contract indebtedness for any Fire District purpose so long as the outstanding principal amount thereof shall not exceed three per centum of the full valuation of taxable real estate of the Fire District and subject to certain enumerated exclusions and deductions such as cash or appropriations for current debt service.

There is no constitutional limitation on the amount that may be raised by the Fire District by tax on real estate in any fiscal year to pay interest and principal on indebtedness. See "TAX LEVY LIMITATION LAW" herein as to statutory limitations.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Fire District authorizes the issuance of bonds by the adoption of a resolution, approved by the members of the Fire District Board of Commissioners, the finance board of the Fire District and generally subject to mandatory referendum of the voters of the Fire District.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. Such obligations are authorized for a purpose for which the Fire District is not authorized to expend money, or
2. There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action, suit, or proceeding contesting such validity, is commenced within twenty days after the date of such publication, or
3. Such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Fire District complies with this estoppel procedure. It is a procedure that is recommended by bond counsel, but it is not an absolute legal requirement. The Fire District is in compliance with such procedure with respect to the Bonds.

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

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional and Statutory Requirements" herein.)

In general, the Local Finance Law contains provisions providing the Fire District with power to issue certain other short-term general obligation indebtedness including budget notes, capital notes, revenue anticipation notes, and tax anticipation notes.

Statement of Debt-Contracting Power
(As of November 30, 2017)

Full Valuation of Taxable Real Property	\$4,015,123,500
Debt-Contracting Margin (3% of Full Valuation):	120,453,705
Gross Direct Indebtedness:	
Bonds:	\$ 15,000
Bond Anticipation Notes:	0
Total Gross Direct Indebtedness	15,000
Less Exclusions and Deductions:	0
Total Exclusions and Deductions:	0
Total Net Direct Indebtedness	15,000
Debt-Contracting Margin	<u>\$120,438,705</u>
Percentage of Debt-Contracting Power Exhausted	<u>0.01%</u>

Remedies Upon Default

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

Remedies for enforcement of payment are not expressly included in the Fire District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a noteholder's or bondholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

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

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

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

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding for the last five fiscal years.

	<u>Direct Capital Indebtedness Outstanding</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds:	\$90,000	\$75,000	\$60,000	\$45,000	\$30,000
Bond Anticipation Notes:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals:	<u>\$ 90,000</u>	<u>\$ 75,000</u>	<u>\$ 60,000</u>	<u>\$ 45,000</u>	<u>\$ 30,000</u>

Source: Audited financial statements of the Fire District. Table itself not audited.

Authorized But Unissued Debt

Following the issuance of the Bonds, the Fire District will have no authorized but unissued debt.

Overlapping and Underlying Debt

The real property taxpayers of the Fire District are responsible for a proportionate share of outstanding debt obligations of the County, the two school districts, and the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Fire District'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 Fire District and the approximate magnitude of the burden on taxable property in the Fire District of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Estimated Overlapping Indebtedness

<u>Overlapping Debt</u>	<u>Net Debt</u>	<u>As of:</u>	<u>Fire District</u>	<u>Amount Applicable</u>
<u>Issuer</u>	<u>Outstanding</u>		<u>Share</u>	<u>To Fire District</u>
Westchester County	\$498,368,186	10/31/2016	.01%	\$ 66,281
Town/Village of Harrison	54,051,906	11/30/2017	48.62%	26,277,662
Harrison CSD	0%			<u>0</u>
Total Net Overlapping Debt				\$ 26,343,943
Total Net Direct Debt				<u>15,000</u>
Total Net Direct and Overlapping Debt				<u>\$ 26,358,943</u>

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Debt Service Schedule

The following table shows the debt service requirements to maturity on the Fire District’s outstanding bonded general obligation indebtedness, inclusive of the Bonds, for each fiscal year ending December 31.

Fiscal Year Ending December 31st	Principal	Interest	Total Principal & Interest
2017 ⁽¹⁾	\$ 15,000	\$1,440	\$ 16,440
2018	15,000	720	15,720
Totals	<u>\$ 30,000</u>	<u>\$ 2,160</u>	<u>\$ 32,160</u>

(1) For the entire fiscal year

Debt Ratios

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

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$15,000	\$ 1.10	0.00%
Net Direct and Overlapping Debt	26,358,943	1,936.00	0.66

(1) The population of the Fire District is estimated to be approximately half that of the Village of Harrison. According to the US Census Bureau, the 2010 population of the Village of Harrison was 27,998. The population of the Fire District in 2010 is estimated at 13,612.

(2) The full valuation of real property located in the Fire District for the 2017 fiscal year is \$4,015,123,500

End of Appendix A

APPENDIX B
SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Summary of Budgeted Revenues & Expenditures
Special Districts Fund
Fiscal Years Ending December 31:

	<u>2016</u>	<u>2017</u>
<u>Revenues:</u>		
Real Property Taxes	\$4,079,765	\$4,116,505
Fire Protection Fees	\$1,936	\$1,936
Interest Earnings	\$2,100	\$2,100
Refund of Prior Year	\$30,000	\$30,000
Dental Reimbursement	<u>\$1,800</u>	<u>\$1,800</u>
Total revenues	<u><u>\$4,115,601</u></u>	<u><u>\$4,152,341</u></u>
 <u>Expenditures:</u>		
Personnel Services	\$1,993,579	\$1,926,217
Equipment	85,725	118,630
Contractual Expense	438,250	514,550
Employee Benefits	1,513,887	1,506,504
Judgments & Claims	17,000	20,000
Debt Service	17,160	16,440
Interfund Transfers	<u>50,000</u>	<u>50,000</u>
Total expenditures	<u><u>\$4,115,601</u></u>	<u><u>\$4,152,341</u></u>

Source: Adopted Fire District Budgets

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Comparative Balance Sheets
Special Districts Fund
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>
Assets:		
Cash	\$861,028	\$716,363
Accounts Receivable	22,094	23,020
Prepaid Expenditures	<u>180,159</u>	<u>162,240</u>
Total Assets	<u><u>\$1,063,281</u></u>	<u><u>\$901,623</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Accrued Liabilities	36,211	<u>113,916</u>
Total Liabilities	<u>36,211</u>	<u>113,916</u>
Fund Balance:		
Nonspendable	180,159	162,240
Assigned	<u>846,911</u>	<u>625,467</u>
Total Fund Balance	<u>1,027,070</u>	<u>787,707</u>
Total Liabilities and Fund Balance	<u><u>\$1,063,281</u></u>	<u><u>\$901,623</u></u>

Sources: Town's Audited Financial Statements. Table itself not audited.

HARRISON WATER DISTRICT NO. 2 (FIRE DISTRICT NO. 2)
Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Districts Fund
Fiscal Years Ended December 31:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES					
Real Property Taxes	\$3,849,522	\$3,925,595	\$3,990,376	\$4,052,534	\$4,079,765
Departmental Income	\$1,936	\$1,936	\$1,936	\$1,936	\$1,936
Use of Money and Property	3,453	2,766	2,854	2,212	2,503
State Aid	11,944	0	0	8,144	0
Federal Aid	35,832	89,913	4,197	0	0
Miscellaneous	64,207	66,499	46,205	52,263	52,323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$3,966,894</u>	<u>\$4,086,709</u>	<u>\$4,045,568</u>	<u>\$4,117,089</u>	<u>\$4,136,527</u>
EXPENDITURES					
Current:					
General Government Support	22,475	146,217	23,771	29,654	104,755
Public Safety	2,431,133	2,372,553	2,426,013	2,509,089	2,542,690
Home and Community Services					0
Employee Benefits	1,431,113	1,451,106	1,548,490	1,434,365	1,461,285
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>3,884,721</u>	<u>3,969,876</u>	<u>3,998,274</u>	<u>3,973,108</u>	<u>4,108,730</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>82,173</u>	<u>116,833</u>	<u>47,294</u>	<u>143,981</u>	<u>27,797</u>
Other Financing Sources					
Operating transfers in					
Operating transfers out	(120,010)	(119,298)	(68,585)	(67,873)	(267,160)
Total Other Financing Sources	<u>(120,010)</u>	<u>(119,298)</u>	<u>(68,585)</u>	<u>(67,873)</u>	<u>(267,160)</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	(37,837)	(2,465)	(21,291)	76,108	(239,363)
Fund Balance - Beginning of Year	1,012,555	974,718	972,253	950,962	1,027,070
Fund Balance - End of Year	<u>\$974,718</u>	<u>\$972,253</u>	<u>\$950,962</u>	<u>\$1,027,070</u>	<u>\$787,707</u>

Sources: Town's Audited Financial Statements. Table itself not audited.

APPENDIX C

**TOWN/VILLAGE OF HARRISON
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

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

<https://emma.msrb.org/EP1186385.pdf>

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

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

APPENDIX D

FORM OF BOND COUNSEL'S LEGAL OPINION RELATED TO THE BONDS

[DRAFT]

December 21, 2017

Harrison Water District No. 2 (Fire Protection District No. 2)
In the Town of Harrison,
County of Westchester,
State of New York

Re: HARRISON WATER DISTRICT NO. 2 (FIRE PROTECTION DISTRICT NO. 2)
IN THE TOWN OF HARRISON, WESTCHESTER COUNTY, NEW YORK
\$800,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2017

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$800,000 Public Improvement (Serial) Bonds, 2017 (the "Obligations"), of the Harrison Water District No. 2 (Fire Protection District No. 2) in the Town of Harrison, Westchester County, New York (the "Obligor"), dated December 21, 2017, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (____%) per annum, payable on December 15, 2018 and semi-annually thereafter on June 15 and December 15, and maturing in the amount \$50,000 on December 15 in each of the years 2019 to 2021, both inclusive, \$55,000 on December 15 in each of the years 2022 to 2026, both inclusive, \$60,000 on December 15 in each of the years 2027 to 2029, both inclusive, and \$65,000 on December 15 in each of the years 2030 to 2032, both inclusive.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in

appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP