PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 8, 2018

NEW AND RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Notes will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Notes ***will not*** *be designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.*

CITY OF NEW ROCHELLE
WESTCHESTER COUNTY, NEW YORK

$16,251,753 BOND ANTICIPATION NOTES, 2018 SERIES A
(the "Notes")

DATED: MARCH 2, 2018 **DUE: MARCH 1, 2019**

The Notes are general obligations of the City, and will contain a pledge of the faith and credit of the City for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, without limitation as to rate or amount, subject to the statutory limitations imposed by Chapter 97 of the laws of 2011, as amended.

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate as specified by the purchaser of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued as book-entry only notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes may be made in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective unqualified legal opinions as to the validity of the Notes of Norton Rose Fulbright US LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in New York, New York on or about March 2, 2018.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED, THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE WITH RESPECT TO THE NOTES AS DEFINED IN THE RULE (SEE "DISCLOSURE UNDERTAKING" HEREIN.)

Dated: February __, 2018

CITY OFFICIALS

NOAM BRAMSON
Mayor

BARRY R. FERTEL
IVAR HYDEN
ELIZABETH M. FRIED
JARED R. RICE
ALBERT A. TARANTINO, JR
LOUIS J. TRANGUCCI
Council Members

CHARLES B. STROME III
City Manager

TRACY YOGMAN
Commissioner of Finance

JOSEPH SCHALLER
Acting Police Commissioner

LOUIS M. DiMEGLIO
Fire Chief

SCOTT D. PICKUP
Commissioner of Public Works

KATHLEEN GILL
Chief of Staff/Corporation Counsel

LUIZ ARAGON
Commissioner of Development

WILLIAM ZIMMERMANN
Interim Commissioner of Parks & Recreations

BOND COUNSEL

NORTON ROSE FULBRIGHT US LLP
New York, New York

MUNICIPAL ADVISOR

CMA
CapitalMarketsAdvisors,LLC

CAPITAL MARKETS ADVISORS, LLC
Hudson Valley * Long Island * New York City * Southern Tier * Western New York

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds and Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any inference that there has been no change in the affairs of the City.

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OFFICIAL STATEMENT

CITY OF NEW ROCHELLE
WESTCHESTER COUNTY, NEW YORK

relating to

$16,251,753 BOND ANTICIPATION NOTES, 2018 SERIES A

This Official Statement, including the cover page and appendices hereto, presents certain information relating to the City of New Rochelle in the County of Westchester, State of New York (the "City," "Counties" and "State," respectively) in connection with the sale of $16,251,753 Bond Anticipation Notes, 2018 Series A (the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The City will act as Paying Agent for the Notes. Paying agent fees, if any, **for non-book-entry notes** will be paid by the purchaser. The City's contact information is Tracy Yogman, Commissioner of Finance, at (914) 654-2063, tyogman@newrochelleny.com

Authority for and Purpose of the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the General Municipal Law, the Local Finance Law, City Law and bond resolutions adopted by the City Council on their respective dates, authorizing the issuance of bonds to finance the various objects or purposes of the City listed below. A portion of the proceeds from the sale of the Notes in the amount of $10,666,753, together with $3,450,949 in available funds, will be used to redeem $14,117,702 of the City's 2017A Note at maturity. A portion of the proceeds from the sale of the Notes in the amount of $5,585,000 will be used to provide original or additional original financing for certain objects or purposes as reflected below.

Purpose	Date of Authorization	Amount Outstanding	New Money	Principal Paydown	Amount To Notes
Trucks and Vehicles – DPW & Parks	3/06/14	$ 324,000	0	$ 162,000	$ 162,000
Trucks and Vehicles – Fire Command	3/06/14	24,000	0	12,000	12,000
Fire Engine	3/06/14	247,200	0	123,600	123,600
Storm Drain/Sewer Improvements	3/06/14	76,000	0	38,000	38,000
Halycon Park Area Drainage Improvements	3/06/14	131,484	0	65,743	65,741
Traffic Signal Improvements	3/06/14	98,000	0	49,000	49,000
Travel Lift	3/06/14	64,000	0	32,000	32,000
Saltdome	3/05/15	88,218	0	29,406	58,812
Trucks and Vehicles	3/05/15	605,400	0	201,800	403,600
Storm Drain/Sanitary Sewer Improvements	3/05/15	150,000	0	50,000	100,000
Sidewalk Replacement	3/05/15	75,000	0	25,000	50,000

Purpose	Date of Authorization	Amount Outstanding	New Money	Principal Paydown	Amount To Notes
Fire Tower Ladder	3/05/15	960,000	0	240,000	720,000
Citywide Street Resurfacing	11/17/15	1,600,000	0	200,000	1,400,000
Fire Turnout Gear	11/17/15	255,600	0	85,200	170,400
Trucks and Vehicles	3/06/16	720,000	0	180,000	540,000
Storm Drain/Sanitary Sewer Improvements	3/06/16	200,000	0	50,000	150,000
Sidewalk Replacement	3/06/16	120,000	0	30,000	90,000
Engine #24 and #18 Replacement	3/06/16	988,800	0	247,200	741,600
Microwave Radio System	3/06/16	100,000	0	25,000	75,000
Police CIU Truck	3/06/16	68,000	0	17,000	51,000
Security Cameras	3/06/16	80,000	0	20,000	60,000
Street Resurfacing	3/06/16	1,350,000	0	150,000	1,200,000
Information System Equipment	3/06/16	120,000	0	30,000	90,000
Street Resurfacing	3/03/17	1,000,000	0	200,000	800,000
Fire Truck – Ladder #13	3/03/17	825,000	0	165,000	660,000
Hazmat Bus	3/03/17	230,000	0	46,000	184,000
Police Dispatch Records Managing System	3/03/17	630,000	0	126,000	504,000
Citywide Cameras System Expansion	3/03/17	100,000	0	20,000	80,000
Trucks and Vehicles	3/03/17	1,500,000	0	300,000	1,200,000
Vehicles – Development	3/03/17	70,000	0	14,000	56,000
Muni Parking Meters – On Street	3/03/17	1,000,000	0	200,000	800,000
Street and Sidewalk Replacement	2/06/18	0	1,450,000	0	1,450,000
Fire Apparatus – Rescue 54	2/06/18	0	450,000	0	450,000
Portable Radios	2/06/18	0	300,000	0	300,000
Citywide Cameras System Expansion	2/06/18	0	130,000	0	130,000
Police Department LPR System	2/06/18	0	135,000	0	135,000
Quaker Ridge Ramps	2/06/18	0	200,000	0	200,000
Pistol Range Target System	2/06/18	0	200,000	0	200,000
Traffic Signals and Systems	2/06/18	0	610,000	0	610,000
Trucks and Vehicles – DPW & Parks	2/06/18	0	1,650,000	0	1,650,000
Tree Replacement	2/06/18	0	170,000	0	170,000
Hudson Park Improvements	2/06/18	0	290,000	0	290,000
Totals:		$ 13,800,702	$ 5,585,000	$ 3,133,949	$ 16,251,753

Nature of Obligation

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

Holders of the Notes of the City 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.

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. See "Tax Levy Limit Law" and "Enforcement of Remedies Upon Default," herein.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See "Tax Levy Limit Law," herein.

Book-Entry-Only System

In the event the Notes are issued in book-entry form, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. Such Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, 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 City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

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

The financial condition of the City as well as the market price of and the market for the Notes could be affected by a variety of factors, many of which are beyond the City's control, including, for example: (i) certain adverse events in the national and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the City to arrange for additional borrowings. In addition, the market for and the market value of the Notes could be adversely affected if the City encountered real or perceived difficulty in marketing notes or bonds to pay principal on the Notes at maturity. The City, like other issuers, is dependent on the orderly functioning of the municipal debt markets to refinance existing debt coming due, and could be unable to pay the Notes at maturity if market access proved unavailable.

The City is dependent in part on financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the City. If for any reason the City anticipates not receiving payment of such State aid as needed, the City is generally permitted by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of any uncollected State aid. The State is not constitutionally obligated to maintain or continue State aid to the City. Accordingly, no assurance can be given that present State aid levels will be maintained in the future. The elimination of or any substantial reduction in State aid would have a materially adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "State Aid")

Additionally, if in any year the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State Aid.

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

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City's insurance policies are more than adequate to cover the costs of potential litigation. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City. The City is a defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year in which the payments are made.

TAX MATTERS

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

For taxable years that began on or before December 31, 2017, interest on the Notes owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate (the "Tax Certificate") dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the City with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the City with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the City may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (FASIT), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Notes of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation for taxable years that began on or before December 31, 2017, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income. Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes.

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Note over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of Section 1273 of the Code) but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, of New York, New York. Such legal opinion will be delivered in substantially the form attached hereto in "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 City has agreed to provide, at the time of delivery of the Notes, an executed Undertaking to Disclose Certain Events, in substantially the form attached hereto as "Appendix C".

The City is in compliance with all prior undertakings pursuant to the Rule. In certain years, the City has filed its annual financial information and audited financial statements later than sixty days following the receipt of the audited financial statements for the preceding fiscal year but within the twelve months following the close of a preceding fiscal year filing requirement.

MUNICIPAL ADVISOR

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

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

RATING

The City did not apply to Moody's Investors Service, Inc. ("Moody's") for a rating on the Notes.

On January 17, 2017, Moody's upgraded the City's underlying rating to "Aa2" from "Aa3".

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, 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 such notes or the availability of a secondary market for those notes.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the City, its operations and the balances, receipts and disbursements of the various funds of the City are available for the public inspection at the business office of the City.

Additional information may be obtained from Tracy Yogman Commissioner of Finance at (914) 654-2063 tyogman@newrochelleny.com or from Capital Markets Advisors, LLC, the City's Municipal Advisor, at (516) 364-6363.

The City will act as Paying Agent with respect to the Notes. The Commissioner of Finance noted above should be used as the Paying Agent contact.

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

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

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

CITY OF NEW ROCHELLE
WESTCHESTER COUNTY, NEW YORK

By:____________________
Tracy Yogman
Commissioner of Finance

DATED: February __, 2018

APPENDIX A

THE CITY

THE CITY

General Information

The City was founded in 1899. The City's population is currently estimated at 79,299 according to the U.S. Department of Commerce Bureau of the Census 2012-2016 American Community Survey 5-year estimates. The City is located in the southern end of the County of Westchester in the southeastern portion of New York State on Long Island Sound, about 16 miles northeast of midtown New York City.

New Rochelle, the seventh-largest city in New York State, is a diverse and vibrant community. It has many positive attributes that support its reputation as the "Queen City of the Sound" and has a solid financial base, including: a continued strong housing stock having a market value of over $9 billion; an average single family home sales price of $680,000 based on most recent sales data; median household income of $73,178 according to the U.S. Department of Commerce Bureau of the Census 2012-2016 American Community Survey 5-year estimates, exceeding State-wide averages; a property tax collection rate of over 99%, one of the highest in the State; an excellent school system, including a centrally located high school that was cited as one of 114 "Distinguished High Schools" in the United States by the U.S. Department of Education; and a # 13 ranking in the September 2014 issue of 24/7 Wall Street's "America's Best Cities to Live In" among 550 cities with populations of 65,000 or more based on factors such as crime rates, economic growth, educational attainment and housing affordability.

The City of New Rochelle has embarked upon a bold and ambitious multi-stage transformation that will be the largest economic undertaking in the City's 325 year history. This Downtown Revitalization plan includes goals that could result in roughly one million square feet of retail and restaurant space in the core downtown area, with over two million square feet of office space, up to 5,500 residential units and a mix of hotel rooms, adult care and independent living units, cultural attractions and significantly expanded parking.

The plan includes retrofitting vacant buildings for productive re-use; increasing the City's tax base; generating jobs and career opportunities to help retain current residents and attract new ones; leveraging Metro North's plan to run trains from New Rochelle to both Grand Central Station and Penn Station, making New Rochelle the only Westchester County community to do so; integrating innovative downtown parking solutions; and incorporating sustainable, yet economical, smart growth elements where feasible.

The City has partnered with RDRXR Realty LLC as the project's master developer, selected in October 2014 from a group of qualified developers that responded to the City's requirements for development. To date, an action plan resulting in comprehensive zoning changes to allow for this development has been approved by the City Council and the City is entertaining proposals to achieve these goals.

City Government

New Rochelle has operated under a Council-Manager form of government since January 1, 1932. The City is governed by City Charter, other general laws of the State of New York and various local laws and ordinances. The City Council is the legislative body, establishing City policies. It is the responsibility of the City Council to approve all legislation, including ordinances and local laws, to adopt and modify, as required, operating and capital budgets, to levy real property taxes and to authorize the issuance of all indebtedness. New Rochelle's City Council consists of a Mayor and six Council members elected by district.

Mayor

The Mayor is elected at a general election for a four-year term and there is no restriction on the number of terms that may be served. As a member of the City Council, the Mayor presides over the Council and is eligible to vote on matters before the City Council. The current Mayor, Noah Bramson, was first elected in November 2005 and was most recently re-elected in November 2015.

The Mayor serves as a member and presiding officer of the City Council. In addition to officiating at all City ceremonial functions, the Mayor takes an active role in promoting the City. The Mayor also appoints members of the Planning Board, Civil Service Commission and Parks and Recreation Advisory Committee, among others.

City Council

The Council, under the City Charter, is given certain specific duties: to set policy, to appoint the City Manager, approve the budget and to enact local laws, resolutions and ordinances. Enactment of a local law must be preceded by a public hearing. A majority vote of the Council is required to pass such a law. Council members also make appointments to certain citizen advisory committees.

Members of Council meet regularly in chambers at City Hall. On the second Tuesday of each month, they meet at 3:45 PM for a Committee of the Whole Meeting. At 7:00 PM, the Regular Meeting offers a "citizens to be heard" segment, providing residents with an opportunity to register opinions and suggestions. On the third Tuesday of the month at 7:00 PM, the Council holds a legislative session at which matters earlier deliberated upon are subject to a vote.

City Manager

The City Manager, appointed by the Council, is the Chief Administrative Officer of the City. It is the Manager's responsibility to supervise and coordinate the work of the departments, prepare and submit to the Council and annual budget estimate, enforce city ordinances and state laws, and execute all contracts, leases and deeds authorized by the Council. The City Manager keeps the Council informed about the fiscal condition and future needs of the City and has the sole power to appoint and remove all heads of departments in the administrative services of the City.

The City Manager participates in the discussion of all matters coming before Council, but has no vote. The terms under which the Manager serves are determined by the Council. The Manager makes appointments to the Municipal Housing Authority and the Board of Appeals on Zoning, among others.

Financial Organization

Subject to the State Constitution, the City operates pursuant to the City Charter and in accordance with other laws governing the City, including the General City Law, General Municipal Law and Local Finance Law, to the extent that such laws are applicable to the City under its charter form of government.

Employees

The City currently budgets for 611 budgeted full-time employees as of January 1, 2018. The following is a breakdown of employee representation by the collective bargaining agents which represent them and the dates of expiration of their agreements.

Employee Organization	Expiration Date	Budgeted No. of Employees
Civil Service Employees Association	12/31/20	104
Police Association of New Rochelle, N.Y., Inc.	12/31/19	125
Superior Officers Association	12/31/19	38
AFL-CIO Local 663	12/31/17[(1)]	139
United Firefighters Association	12/31/20	150
School Crossing Guards	12/31/20	17
Deputy Fire Chiefs	12/31/20	5

(1) Contract in negotiation.

Employee Pension Benefits

Substantially all employees of the City are members of the State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and, together with ERS, the "Retirement System"), a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement System 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 each retirement system are jointly and severally liable for any unfunded amounts which are collected through annual billings to all participating employers. Generally, all full-time employees participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than 10 years of service, must contribute 3% of gross annual salary toward the cost of retirement programs.

Historically there has been a state mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 11% to 15% (percentage dependent on tier) of payroll for employees' retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the City is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning the actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On July 30, 2004, Governor Pataki signed into law Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 contains three components which altered the way municipalities and school districts contribute to the State pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the State had reflected pension payments due between April 1 and March 31, consistent with the state fiscal year.

Chapter 260 provided for the following changes:

- Contribution Payment Date Change: The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.

- Pension Contributions Reserve Fund: The law creates special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation. The legislation created a new Tier 5 pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier 5 include:

- Raising the minimum age at which civilian can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributions of 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The City amortized pension payments in 2011; however, the City has not done so since and has no plans to amortize such payments in the future. All pension payments have been made in December of each year to take advantage of the cash discount offered by the State of New York.

The amounts of payments by the City to the respective Retirement Systems for the past five years are presented below:

Fiscal Year Ending December 31	Employees' Retirement System	Policemen's and Firemen's Retirement System
2012	$3,340,355	$8,192,040
2013	3,740,046	10,288,334
2014	3,949,250	9,625,487
2015	3,651,003	8,578,119
2016	3,358,972	8,322,178
2017 (Unaudited)	2,822,625	9,437,326
2018 (Budget)	3,500,431	9,654,819

Other Post Employment Benefits

The City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the City, to account for the cost of certain non-pension post-employment benefits as it accounts for vested pension benefits.

OPEB refers to "other post-employment benefits," and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts had not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The City hired an actuarial firm for the actuarial valuation and for year ended January 1, 2016, they calculated an ARC of $18,370,000 and a UAAL of $227,780,000. The City's UAAL for OPEB could have a material adverse impact upon the City's finances and could force the City to reduce expenses, raise taxes or both. The City is in compliance with the requirements of GASB 45. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The City will be required to complete a new actuarial valuation under GASB 45 every two years.

New Rochelle Industrial Development Agency

The New Rochelle Industrial Development Agency ("IDA") is a public benefit corporation created in 1977 pursuant to Section 908-b of the New York State General Municipal Law. Its seven-member governing board is appointed by the New Rochelle City Council to indefinite terms. Presently, a member of the New Rochelle City Council serves as the IDA's Treasurer and the City Manager of the City of New Rochelle serves as the IDA's Vice Chair. A representative from the New Rochelle School District serves on the board as well as four other residents of New Rochelle.

The IDA mission is to assist companies to secure various financial benefits designed to aid in the viability of development projects within the City.

The IDA is a separate entity and operates independently from the City of New Rochelle. However, because the City appoints its board of directors, the IDA is financially accountable to the City and is also included in the City's financial statements as a component unit. The City is not responsible for any IDA debt.

New Rochelle Corporation for Local Development

The City of New Rochelle Corporation for Local Development ("CLD") is a local development corporation created in 2013 under Sections 402 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of relieving unemployment, bettering job opportunities and attracting or retaining business in the City of New Rochelle. The Board of Directors of the CLD consist of the members of the Board of the New Rochelle Industrial Development Agency and are appointed by the City of New Rochelle. As such, the CLD members have complete responsibility for management of the Agency and accountability for all fiscal matters.

The CLD mission is to promote, develop and assist non-profits to reduce unemployment within the City.

The CLD is a separate entity and operates independently from the City of New Rochelle. However, because the City appoints its board of directors, the CLD is financially accountable to the City and is also included in the City's financial statements as a component unit. The City is not responsible for any CLD debt.

FINANCIAL FACTORS

Budgetary Procedures

The City follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

a) On or before the tenth day of November of each year, the City Manager prepares and submits to the City Council a budget estimate presenting a financial plan for conducting the affairs of the City for the subsequent fiscal year.

b) Upon receipt of the City Manager's budget estimate, the Council considers the same and, after publication, holds a public hearing.

c) The resolution fixing the date, time and place for the public hearing may be adopted before the Manager submits the budget estimate to the Council, but the date so fixed must be not less than twenty days from the date of the publication of the budget estimate in the official newspaper.

d) Not less than one week after the public hearing, the Council adopts the budget estimate as submitted or amended, which then becomes the annual budget, and at the same time appropriates the amounts set forth in the budget as adopted and for the purposes stated therein.

e) Formal budgetary integration is employed during the year as a management control device for governmental funds.

f) Budgets for General, Special Revenue and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles. The Capital Project Fund is budgeted on a project basis.

g) The City Council maintains control of the budget at the function level of expenditures.

h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year except that outstanding encumbrances are reappropriated in the succeeding year.

Financial Statements

The City retains independent certified public accountants. The last audited report covers the period ending December 31, 2016. In addition, the State Comptroller's office, through the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's Comprehensive Annual Financial Reports for the years ended December 31, 1986 - 2016, from which the information in Appendices A and B has been drawn, were awarded the Certificate of Achievement for excellence in financial reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only.

A summary of Revenues, Expenditures and Fund Balance (General Fund) is included as Appendix B. Budget Results (General Fund) is included as Appendix B-1. Balance Sheets (General Fund) are included as Appendix B-2.

Statutes Governing City's Investment Policy

Pursuant to the statutes of the State, the City is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, as that term is defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United State of America; (4) obligations of the State; (5) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district or district corporation, other than those notes issued by the City; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the City pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the City pursuant to law, in obligations of the City. Any investments made by the City pursuant to law are required to be payable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the City's investments, unless registered or inscribed in the name of the City, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law. Historically, the City has not chosen to invest in repurchase agreements. Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Annually, the City Council adopts an investment policy consistent with the above statutory limitations. It is the City's current practice to invest only in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States where the payment of principal and interest is guaranteed by the United States of America. This practice is subject to change within the limits of applicable law, as amended from time to time.

Revenues

Property Taxes. The City derives a major portion of its General Fund revenues from a tax on real property (see *"Statement of Revenues, Expenditures and Changes in Fund Balance"* in Appendix B, herein). Based on audited results, property taxes accounted for approximately 45.5% of total General Fund revenues for the fiscal year ended December 31, 2016.

The following table sets forth total General Fund revenues and real property tax revenues during each of the last five audited fiscal years as well as budgeted amounts for the two most recent fiscal years.

Property Tax Revenues

Fiscal Year	Total Revenues	Real Property Taxes	Real Property Taxes to Revenues
2012	$110,610,916	$50,352,438	45.5%
2013	117,929,727	53,831,993	45.6
2014	117,847,031	54,928,686	46.6
2015	122,061,253	56,073,614	45.9
2016	124,938,333	56,817,575	45.5
2017 (Adopted Budget)	125,503,956	60,848,364	48.5
2018 (Adopted Budget)	133,090,016	62,543,496	47.0

Source: Audited Financial Statements and Adopted Budgets of the City.

State Aid

The City receives financial assistance from New York State. In its General Fund budget for the 2018 fiscal year, approximately 6.6% of the operating revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if in any year the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (see also "Market Factors Affecting Financing of the State and Municipalities of the State" herein).

The following table sets forth total General Fund revenues and State aid during each of the last five audited fiscal years and budgeted amounts for the two most recent fiscal years.

State Aid

Fiscal Year	Total Revenues	State Aid	State Aid to Revenues
2012	$110,610,916	$8,710,855	10.8%
2013	117,929,727	9,578,354	10.2
2014	117,847,031	8,755,993	8.4
2015	122,061,253	9,360,279	8.6
2016	124,938,333	9,432,891	9.1
2017 (Adopted Budget)	125,503,956	8,856,865	7.1
2018 (Adopted Budget)	133,090,016	8,853,433	6.6

Source: Audited Financial Statements and Adopted Budgets of the City.

Recent Financial Operations

City General Fund Operations FY 2012

For the City's Fiscal Year ended December 31, 2012, the City's General Fund revenues and other financing sources of $113,151,543 exceeded expenditures and other financing uses of $110,190,152 by $2,961,391. The fund balance at the beginning of the year was $5,462,536, and was $8,423,927 at the end of the year for an increase of 54.2%.

City General Fund Operations FY 2013

For the City's Fiscal Year ended December 31, 2013, the City's General Fund revenues and other financing sources of $121,260,136 exceeded expenditures and other financing uses of $117,771,988 by $3,488,148. The fund balance at the beginning of the year was $8,423,927, and was $11,912,075 at the end of the year for an increase of 41.4%.

City General Fund Operations FY 2014

For the City's Fiscal Year ended December 31, 2014, the City's General Fund revenues and other financing sources of $119,528,992 exceeded expenditures and other financing uses of $118,216,622 by $1,312,370. The fund balance at the beginning of the year was $11,912,075, and was $13,224,445 at the end of the year for an increase of 11.0%.

City General Fund Operations FY 2015

For the City's Fiscal Year ended December 31, 2015, the City's General Fund revenues and other financing sources of $122,710,917 exceeded expenditures and other financing uses of $117,761,100 by $4,949,817. The fund balance at the beginning of the year was $13,224,445, and was $18,174,262 at the end of the year for an increase of 37.4%.

City General Fund Operations FY 2016

For the City's Fiscal Year ended December 31, 2016, the City's General Fund revenues and other financing sources of $125,065,698 exceeded expenditures and other financing uses of $119,946,263 by $5,119,435. The fund balance at the beginning of the year was $18,174,262, and was $23,293,697 at the end of the year for an increase of 28.2%.

City General Fund Operations FY 2017 Budget

The City's fiscal year 2017 budget includes General Fund revenues and expenses of $125,503,956 and an increase in property taxes of 6.76%. A summary of the City's 2017 Adopted Budget can be found in Appendix B herein.

City General Fund Operations FY 2018 Budget

The City's fiscal year 2018 budget includes General Fund revenues and expenses of $130,090,016 and an increase in property taxes of 1.99%. A summary of the City's 2018 Adopted Budget can be found in Appendix B herein.

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories. The most current applicable report of the State Comptroller designates the City as "**no designation**." For additional details regarding the Fiscal Stress Monitoring System visit the State Comptroller's official website. Note: Reference to websites implies no warranty of accuracy of information therein.

The financial affairs of the City are subject to periodic compliance reviews by OSC to ascertain whether the City has complied with the requirements of various State and federal statutes. The City was audited on its financial condition for the audit year 2014 and was one of eight local governments audited for a Statewide report entitled Background Checks at Municipal Youth Programs for the audit year 2013. Complete reports can be obtained from OSC's website.

TAX INFORMATION

Limitation on Real Estate Tax Levy

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

The following table sets forth the computation of the City's real estate tax levying limitation and the determination of its tax margin under the State Constitution.

Real Property Tax Assessment and Rates

Fiscal Year Ending December 31:	Assessed Valuation	State Equalization Ratio	Full Valuation
2014	$ 268,901,252	2.99	$ 8,993,352,910
2015	266,146,237	2.93	9,083,489,317
2016	265,016,649	2.93	9,044,936,826
2017	266,508,706	2.91	9,158,374,777
2018	266,485,395	2.86	9,317,671,154
Total Five-Year Full Valuation			$45,597,824,984
Five-Year Average Full Valuation			9,119,564,997
2% of Five-Year Average Full Valuation			182,391,300
Total Tax Levy – General City Purposes			61,206,433
Less: Total Exclusions			9,077,554
Tax Levy Subject to Tax Limit			52,128,879
Constitutional Tax Margin			$130,262,421
Percentage of Tax Limit Exhausted			31.97%

Sources: City Assessor's Office and 2018 Adopted Budget.

Tax Levy Limit Law

Although the State Legislature is limited 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", the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended, (the "Tax Levy Limit Law" or the "Law"), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The City has been subject to the Tax Levy Limit Law since its budget for its fiscal year beginning January 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (1) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the City's prior year's tax levy (the "Tax Levy Increase Limit"). If the City seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least five members of the seven-member City Council would be required. The City Council would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The City may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the City in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the City's Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the City. Additionally, the City is permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Notes or Bonds of the City issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with limited experience operating under the Law, the effect of the Law on the City's finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

Real Property Tax Collection Procedure and History

The City collects its own current taxes and delinquent taxes. In addition, the City acts as collecting agent for New Rochelle School District and Westchester County taxes. The City remits to the School District (2 years after the date the taxes are past due) and to the County (in the year of levy) the full amount of their respective tax levies. The City regularly includes in its levy an allowance for uncollected taxes and for deferred tax revenues. These amounts have historically been sufficient to compensate for any shortfall in collections of City, School District, and County taxes.

City and County taxes are payable in one installment each due January 1 and June 1, respectively, each installment becoming delinquent thirty-one days after the respective due date. Interest at two percent per month is charged during the period of delinquency. A 5% additional penalty is charged for delinquent school taxes.

Unpaid taxes levied against real property situated in the City may be redeemed and repaid by payment of the amount due the City plus 24% interest per annum until "in rem" foreclosure action is commenced. Amounts paid by the City are included in the annual budget as uncollected taxes and constitute a lien held by the City.

Fiscal Year Ended December 31:	Total Taxes on Roll	Current Taxes Uncollected	Percentage Current Taxes Uncollected
2014	$112,795,101	$1,408,341	1.24%
2015	112,640,525	1,204,641	1.07
2016	111,847,866	1,051,274	0.93
2017	114,308,513	1,032,467	0.90
2018(1)	69,022,742	11,318,938	16.39

(1) Taxes collected as of January 31, 2018.

Valuations and Tax Data

The table below shows the trend during each of last five years for taxable assessed valuations, State equalization rates, full valuations, real property tax levies and real property tax rates.

Assessed Valuations

	2014	2015	2016	2017	2018
Assessed Value	$268,901,252	$266,146,237	$265,016,649	$266,508,706	$266,485,395
Equal. Ratio	2.99%	2.93%	2.93%	2.91%	2.86%
Full Value	8,993,352,910	9,083,489,317	9,044,936,826	9,158,374,777	9,317,671,154
Tax Rate(1)					
City Taxes	$202.59	$208.36	$210.95	$225.21	$229.68
County Taxes	185.30	183.39	177.41	171.73	171.73(2)
Total Taxes on Roll	$387.89	$391.75	$388.36	$396.94	$401.41

(1) Per $1,000 assessed value.
(2) Rate not yet determined.

Source: New York State Office of Real Property Services and City officials.

Tax Certiorari Proceedings and Proposed Assessment Revaluation

In common with other municipalities, the City continues to be served with real estate tax certiorari petitions contesting the validity of tax assessments upon real property. The City intends to defend itself vigorously against all such claims and actions.

The amount the City paid for such claims in FY 2013 to FY 2017, inclusive, is shown below:

2013	$ 1,181,661
2014	795,462
2015	600,808
2016	395,222
2017	356,608(1)

(1) Unaudited.

No assurance can be given as to the City's ultimate liability on existing and future refund claims. Furthermore, these amounts do not include litigation relating to real estate taxation other than challenges to assessments.

Ten Largest Taxpayers

The following table presents the assessments of the City's ten largest taxpayers for the 2018 assessment roll.

Taxable Assessments[1]

Taxpayer	Nature of Business	2018 Assessed Valuation	% of Total Assessed Valuation
Con Edison of NY	Public Utility	$ 10,602,698	3.98%
United Water New Rochelle	Public Utility	2,172,491	0.82
New Roc Associates LP	Entertainment	1,903,200	0.71
Harbor One Company LLC	Apartment Building	1,457,350	0.55
HD Development of Maryland	Retail Services	780,000	0.29
Palmer-Petersville Assoc LP	Retail Services	727,900	0.27
GHP 145 Huguenot Delaware, LLC	Office Building	725,000	0.27
Costco Wholesale Corp	Retail Services	693,550	0.26
Joyce Road E & A LLC	Retail Services	655,000	0.24
210-220-230 Owners Corp.	Apartment Building	652,475	0.24
	Total:	$ 20,369,664	7.64%

(1) The City's total taxable assessed value for the 2018 fiscal year is $266,485,395.

Sales and Compensating Use Taxes

Section 1210 of the New York Tax Law (the "Tax Law") authorizes counties to levy sales and compensating use taxes of up to 3% in addition to the 4.25% sales tax levied by the State. The Tax Law also permits cities to impose certain sales and compensating use taxes within their city limits preemptively. Sales and compensating use taxes are collected by the State and distributed on a monthly basis.

The City levies the maximum 3% sales and compensating use tax permitted by the Tax Law. Through August 31, 1993 the County received 1.5% and the City received 1.5%. Effective September 1, 1993, Section 1210 was amended to empower the City to impose an additional 1% sales tax through December 31, 1995. The 1% additional sales tax has since been extended through December 31, 2019.

The sales and compensating use tax collections as recorded by the City for each of the last five fiscal years and the current year's budget are as follows:

Year	Amount Received
2013	26,143,461
2014	26,655,117
2015	27,558,972
2016	28,364,976
2017 (Estimated)	28,000,000
2018 (Budget)	29,000,000

The City also receives revenues through a Hotel Room Occupancy Tax, figures for which are below:

Year	Amount Received
2014	$ 317,203
2015	327,516
2016	318,974
2017 (Estimated)	320,000
2018 (Budget)	320,000

Construction Activity

Major planned developments expected to begin construction in FY 2017-2019 and the estimated cost of construction based on permits issued for each of the developments is set forth below.

Major Planned Developments

Development	No. of Units	Estimated Cost
La Rochelle Tower #2	600	$180,000,000
Bank of America Site	600	160,000,000
Church Division Site	600	150,000,000
14 LeCount Place	200	55,000,000
587 Main St	280	88,000,000
Beckwith Pointe	72	30,000,000

CITY INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the City 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 City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

General. The City is further subject to the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Chapter 97 of the Laws of 2011 imposes a statutory limitation on the City’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See “Tax Levy Limit Law,” above.

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, and unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose. The outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the City, subject to certain enumerated exclusions and deductions, such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

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

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

Statutory Procedure

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

Pursuant to the Local Finance Law, the City authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the City Council has delegated to the Commissioner of Finance, as Chief Fiscal Officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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 City 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 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 constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not required by law. By the date of delivery of the Bonds, the City will have complied with the estoppel procedure for every bond resolution used to issue the Bonds.

Each bond resolution usually authorizes bonds for 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.

Expenditures for financeable objects or purposes are usually capital expenditures, but the Local Finance Law permits short and long term financing of certain non-capital expenditures and assigns them a period of probable usefulness.

The City Council, as the finance board of the City, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Commissioner of Finance, as the Chief Fiscal Officer of the City, pursuant to the Local Finance Law.

Statutory law in New York 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 generally do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

The Local Finance Law also contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Computation of Debt Limit

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of February 8, 2018.

Five-Year Average Full Valuation of Taxable Real Property			$9,119,564,997
Debt Limit - 7% thereof			638,369,545
Inclusions:			
Bonds	$54,088,000		
Bond Anticipation Notes	14,277,702		
Total Inclusions		$68,365,702	
Exclusions			
Appropriations	7,323,000		
Total Exclusions		7,323,000	
Total Net Indebtedness			61,042,702
Net Debt-Contracting Margin			$577,326,843

The percent of debt-contracting power exhausted is approximately 9.56%.

Bond Anticipation Notes and Other Short-Term Obligations

The City currently has the following bond anticipation notes and other short-term obligations outstanding:

Bond Anticipation Notes

Dated	Due	Issue	Amount
3/2/2017	3/2/2018	2017 Series A	$ 14,117,702
3/2/2017	3/2/2018	2017 Series B Renewal	160,000
			$ 14,277,702

Trend of Outstanding Indebtedness

As of December 31:	2013	2014	2015	2016	2017
Bonds	$68,125,000	$66,152,500	$58,470,000	$51,480,000	$54,088,000
Bond Anticipation Notes	11,512,000	7,564,370	9,990,370	11,824,651	14,277,702
Other Debt[1]	-0-	-0-	-0-	-0-	2,610,585
Total Debt Outstanding	$79,637,000	$73,716,870	$68,460,370	$63,304,651	$70,976,287

(1) Unaudited.

Lease Purchase Obligations Debt Service Schedule

The following table sets forth all principal and interest payments required on the outstanding lease purchase obligations related to an energy performance contract of the City.

Lease Purchase Obligations Principal and Interest Maturity

Fiscal Year Ending December 31:	Principal	Interest	Total Annual Debt Service
2018	$393,577	$104,423	$ 498,000
2019	409,320	88,680	498,000
2020	425,693	72,307	498,000
2021	442,720	55,280	498,000
2022	460,429	37,571	498,000
2023	478,846	19,154	498,000

Direct and Overlapping Indebtedness

The real property taxpayers of the City are responsible for a proportionate share of outstanding debt obligations of the County and the City School District of the City of New Rochelle. Such taxpayers' share of this overlapping debt is based upon the amount of the City's equalized property values taken as a percentage of each separate unit's total values.

The table below sets forth both the total outstanding principal amount of debt issued by the City and the approximate magnitude of the burden on taxable property in the City of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

Gross Direct Indebtedness	$68,365,702
Exclusions and Deductions	7,323,000
Net Direct Indebtedness	$ 61,042,702

Overlapping Debt

Issuer	Outstanding	As of	Share	Amount Applicable to City
Westchester County	$557,913,351	11/15/17	2.33%	$ 12,999,381
New Rochelle City SD	63,965,684	06/16/17	85.30%	54,562,729

Total Net Overlapping Debt	$67,562,110
Total Net Direct Debt	61,042,702
Total Net Direct and Overlapping Debt	$128,604,812

Sources: Data provided by City, County, and District Officials.

Debt Ratios

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

	Amount	Debt Per Capita[1]	Debt to Full Value[2]
Net Direct Indebtedness	$ 61,042,702	$769.78	0.66%
Net Direct and Overlapping Indebtedness	128,604,812	1,621.77	1.38

(1) The population of the City is estimated at 79,299 as of 2016. Source: American Community Survey 5-year Estimate.
(2) The City's full value of taxable real property for fiscal year 2018 is $9,317,671,154.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the outstanding bonded indebtedness of the City, exclusive of economically defeased obligations and lease purchase obligations.

Bond Principal and Interest Maturity

Fiscal Year Ending December 31st	Principal	Interest	Total Principal & Interest
2018[1]	7,323,000	1,742,683	9,065,683
2019	7,065,000	1,512,687	8,577,687
2020	7,295,000	1,275,504	8,570,504
2021	7,520,000	1,023,766	8,543,766
2022	7,775,000	757,088	8,532,088
2023	5,890,000	475,151	6,365,151
2024	4,355,000	291,026	4,646,026
2025	1,330,000	177,656	1,507,656
2026	970,000	139,725	1,109,725
2027	995,000	112,281	1,107,281
2028	675,000	88,894	763,894
2029	695,000	70,056	765,056
2030	710,000	50,738	760,738
2031	735,000	30,869	765,869
2032	755,000	10,381	765,381
Totals	$54,088,000	$7,758,505	$61,846,505

(1) For full fiscal year.

Source: Audited Financial Statements, City of New Rochelle.

Authorized but Unissued Items

Following the issuance of the Notes, the authorized and unissued obligations of the City will consist of the following:

Purpose	Amount
Design and Construction of a New Public Works Facility	$ 28,000,000
Repairs of Sanitary and Storm Sewers City-Wide	200,000
City Hall Energy Improvement Project	75,000
Design and Replacement of Traffic Signals	2,500,000
Widening and Creation of Pedestrian Areas	1,000,000
Design and Reconstruction of Fire Houses	7,000,000
Total	$ 38,775,000

ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	City of New Rochelle	County of Westchester	State of New York
1970	75,385	894,227	18,241,366
1980	70,794	866,599	17,557,288
1990	67,265	875,578	17,990,455
2000	72,182	923,441	18,976,457
2010	77,062	949,113	19,378,102
2016	79,299	974,542	19,849,399

Source: U.S. Department of Commerce, Bureau of the Census and American Community Survey

Selected Listing of Major Employers

Name	Type	Approximate Number of Employees
New Rochelle City School District	Public Schools	1,356
Montefiore New Rochelle Hospital	Hospital	1146
City of New Rochelle	Municipality	611
Iona College	College	573
Monroe College	College	494
United Hebrew Geriatric Center	Nursing Home	400
Home Depot	Retail	350
College of New Rochelle	College	347
Surf Club	Entertainment	300
Shop Rite	Retail	300

Source: City of New Rochelle.

Unemployment Rate Statistics

Yearly Average Unemployment Rates

Year	City	County	State
2012	8.3%	7.3%	8.5%
2013	6.9	6.2	7.7
2014	5.8	5.1	6.3
2015	5.2	4.5	5.3
2016	4.8	4.2	4.8

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

Monthly Unemployment Rates

Month	City	County	State
January 2017	5.8	4.5	4.9
February	6.1	4.8	5.0
March	5.3	4.1	4.4
April	4.8	4.1	4.2
May	4.5	4.1	4.3
June	4.8	4.5	4.5
July	4.8	4.6	4.9
August	4.7	4.6	4.9
September	4.6	4.5	4.7
October	4.5	4.4	4.6
November	4.8	4.6	4.5
December	4.8	4.4	4.4

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

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Bond are to be issued, is the General Municipal Law, the Local Finance Law and the City Law.

The City is in compliance with the estoppel procedure for the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

Except to the extent shown in "Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivision having power to levy taxes upon property within the City.

No principal of or interest upon any obligation of the City is past due.

The fiscal year of the City is the calendar year.

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End of Appendix A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

City of New Rochelle
Statement of Budgeted Revenues and Expenditures
Operating Funds
Fiscal Year Ended December 31:

	Adopted Budget 2017	Adopted Budget 2018
REVENUES:		
Real Property Taxes	$ 60,848,364	$ 62,543,496
Other Tax Items	2,344,000	2,271,333
Non Property Tax Items	31,820,000	32,040,000
Departmental Income	11,425,260	11,523,405
Intergovernmental Charges	1,713,550	2,208,536
Use of Money and Property	280,300	445,375
Licenses & Permits	4,654,517	8,890,995
Fines & Forfeitures	3,115,000	3,870,000
Sale of Property and Compensation for Loss	137,100	137,100
State Aid	8,856,865	8,853,433
Federal Aid	266,000	261,343
Miscellaneous	43,000	45,000
Appropriated Fund Balance	3,115,876	1,197,880
TOTAL REVENUES	$ 128,619,832	$ 134,287,896
EXPENDITURES:		
General Government Support	$ 21,058,553	$ 21,564,626
Public Safety	65,279,098	69,460,819
Transportation	8,358,965	8,474,411
Economic Assistance and Development	1,605,504	1,674,806
Culture & Recreation	4,885,065	5,010,732
Home & Community Services	8,580,554	10,495,549
Employee Benefits	8,544,335	8,909,091
Debt Service	2,774,922	3,480,022
TOTAL EXPENDITURES	$121,086,996	$ 129,070,056
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	3,001,534	3,076,099
Operating Transfers Out	(10,534,370)	(8,293,939)
Total Other Financing Sources (Uses)	$ (7,532,836)	$ (5,217,840)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ -	$ -

Source: Adopted Budgets of the City.

City of New Rochelle
Comparative Balance Sheet - General Fund
Fiscal Year Ended December 31:

	2015	2016
Assets:		
Cash and Cash Equivalents	$ 25,154,450	$ 13,208,792
Investments	4,251,615	4,616,664
Receivables		
Taxes and Liens	5,626,027	5,084,703
Other	6,880,768	8,149,485
Inventories	12,283	12,283
Prepaid Expenditures	2,374,964	2,323,919
Total Assets	$ 44,300,107	$ 33,395,846
Liabilities:		
Accounts Payable	$ 5,529,978	$ 2,033,745
Accrued Liabilities	1,410,634	2,415,740
Retained Percentages Payable	10,544	3,548
Due to School District	2,856,446	2,369,767
Due to Other Governments	3,056	257,083
Due to Other Funds	13,423,679	528,309
Unearned Revenues	139,056	35,430
Deferred Tax Revenue	2,752,452	2,458,527
Total Liabilities	$ 26,125,845	$ 10,102,149
Fund Balances:		
Nonspendable	$ 2,387,247	$ 2,336,202
Committed	300,000	300,000
Assigned	1,705,112	4,466,724
Unassigned (Deficit)	13,781,903	16,190,771
Total Fund Balances	$ 18,174,262	$ 23,293,697
Total Liabilities and Fund Balances	$ 44,300,107	$ 33,395,846

Source: Audited Financial Statements of the City. Summary itself not audited.

City of New Rochelle
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund
Fiscal Year Ended December 31:

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 50,352,438	$ 53,831,993	$ 54,928,686	$ 56,073,614	$ 56,817,575
Other Tax Items	2,228,097	2,927,737	2,439,315	2,770,713	2,252,424
Non-Property Tax Items	28,494,313	29,275,917	30,040,216	31,000,374	31,848,822
Departmental Income	8,929,187	11,310,083	9,989,458	11,038,139	12,482,098
Intragovernmental Charges	2,567,333	2,584,694	2,705,077	2,585,225	2,669,905
Intergovernmental Charges	54,964	45,394	64,642	64,150	89,094
Use of Money and Property	352,017	307,606	343,836	265,157	355,432
Licenses and Permits	1,943,362	2,235,412	2,395,764	3,650,870	3,820,193
Fines and Forfeitures	3,020,159	2,787,954	2,827,622	2,817,510	3,140,913
Sale of Property and Compensation for Loss	92,002	97,503	77,907	98,785	79,056
State Aid	8,710,855	9,578,354	8,755,993	9,360,279	9,432,891
Federal Aid	1,766,354	1,156,092	1,310,118	406,036	140,653
Miscellaneous Revenues	2,099,835	1,790,988	1,968,397	1,930,401	1,809,277
Total Revenues	$ 110,610,916	$ 117,929,727	$ 117,847,031	$ 122,061,253	$ 124,938,333
Expenditures:					
General Government	$ 14,461,221	$ 15,231,063	$ 15,660,072	$ 16,124,728	$ 16,442,499
Public Safety	60,243,704	64,744,925	63,808,349	62,940,715	62,777,246
Transportation	4,699,356	5,561,412	6,254,880	6,521,419	5,737,013
Economic Assistance and Development	1,366,348	1,432,548	1,458,810	1,436,698	1,509,143
Culture and Recreation	4,130,879	4,500,584	4,678,082	4,488,370	4,446,343
Home and Community Service	10,289,533	10,216,039	9,783,476	9,527,649	9,856,506
Employee Benefits	6,794,936	6,869,123	6,912,553	7,236,164	7,733,446
Debt Service	20,223	52,618	51,249	50,727	66,893
Total Expenditures	$ 102,006,200	$ 108,608,312	$ 108,607,471	$ 108,326,470	$ 108,569,089
Other Financing Sources (Uses):					
Sale of Real Property	$ 7,843	$ 632,500	$ -	$ 307,894	$ -
Bond Anticipation Notes Issued	800,000	800,000	0	0	0
Insurance Recoveries	60,333	232,687	87,097	119,606	45,777
Operating Transfers In	1,672,451	1,665,222	1,594,864	222,164	81,588
Operating Transfers Out	(8,183,952)	(9,163,676)	(9,609,151)	(9,434,630)	(11,377,174)
Total Other Financing Sources (Uses) and Other Uses	$ (5,643,325)	$ (5,833,267)	$ (7,927,190)	$ (8,784,966)	$ (11,249,809)
Net Change in Fund Balances	2,961,391	3,488,148	1,312,370	4,949,817	5,119,435
Fund Balance (Deficits)- Beginning of Year	5,462,536	8,423,927	11,912,075	13,224,445	18,174,262
Fund Balance, End of Year	8,423,927	11,912,075	13,224,445	18,174,262	23,293,697

Source: Audited Financial Statements of the City. Summary itself not audited.

APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

EVENT NOTICES CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION

On the date hereof, the Issuer is issuing the Notes, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. ***Definitions***. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

"Notes" means the Issuer's $16,251,753 Bond Anticipation Notes, 2018 Series A, dated March 2, 2018.

"Issuer" means the City of New Rochelle, Westchester County, New York.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Undertaking" means this Disclosure Undertaking.

B. ***Event Notices.*** The Issuer shall provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes (if applicable) or other material events affecting the tax status of the Notes;

(7) Modifications to rights of holders of the Notes, if material;

(8) Bond or Note calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Notes, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

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

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in "B", above, by the time required by this Undertaking.

C. ***Filings with the MSRB***. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

D. ***Limitations, Disclaimers, and Amendments***. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Notes within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER,

WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Notes.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

APPENDIX D

FORM OF LEGAL OPINIONS

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March 2, 2018

City of New Rochelle,
County of Westchester,
State of New York

Re: City of New Rochelle, Westchester County, New York
$16,251,753 Bond Anticipation Notes, 2018 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $16,251,753 Bond Anticipation Notes, 2018 Series A (the "Obligation"), of the City of New Rochelle, Westchester County, State of New York (the "Obligor"), dated March 2, 2018.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986 (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;

(3) a tax certificate (the "Tax Certificate") executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation 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 Obligation 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 Obligation 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 Obligation and investment earnings thereon on certain specified purposes; 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 ordinance 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 Obligation, including the form of the Obligation. 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

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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 Tax 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 Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (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.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; 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) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof who are individuals. We call to your attention that, for taxable years that began on or before December 31, 2017, interest on the Obligation owned by certain corporations will be included in such corporations' adjusted current earnings for purposes of computing the alternative minimum tax on such corporations. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and

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taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is 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 Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation 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 Obligation, 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,