

**NEW ISSUE  
SERIAL BONDS**

**RATING: See "RATING" herein**

*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 Series A Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Series A Bonds will not be subject to the alternative minimum tax on individuals. No opinion will be rendered by Bond Counsel regarding Federal tax consequences arising with respect to the Series B Bonds. In the further opinion of Bond Counsel, under existing law interest on the Series A Bonds and Series B Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "Tax Matters" herein for a description of the opinion of Bond Counsel and certain other tax consequences.*

*The Village will not designate the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.*

**VILLAGE OF RYE BROOK  
WESTCHESTER COUNTY, NEW YORK**

**\$14,250,000  
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018 SERIES A  
(the "Series A Bonds")**

**Date of Issue: Date of Delivery**

**Maturity Dates: March 15, 2019 – 2048**

**and**

**\$1,533,000  
TAX CERTIORARI (SERIAL) BONDS, 2018 SERIES B  
(FEDERALLY TAXABLE)  
(the "Series B Bonds" and, together with the Series A Bonds, the "Bonds")**

**Date of Issue: Date of Delivery**

**Maturity Dates: March 15, 2019 – 2028**

The Bonds are general obligations of the Village of Rye Brook, Westchester County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal of and interest on the Bonds. All the taxable real property within the Village will be subject to the levy of ad valorem taxes to pay principal of and interest on the Bonds, subject to applicable statutory limitations. See "The Tax Levy Limit Law," herein.

At the option of the purchaser, the Series B Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder as a statutory installment bond (SIB) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

If the Series B Bonds are issued as an SIB they will be registered in the name of the successful bidder, with a single bond certificate issued for all of the Series B Bonds. Principal of and interest on such Bonds will be payable in Federal Funds by the Village to the registered owner.

For those Bonds issued in fully registered form, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, except for one necessary odd denomination of the Series B Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "Book-Entry-Only System" herein.

The Bonds will be dated their Date of Delivery, will bear interest from such date payable September 15, 2018 and semiannually thereafter on each March 15 and September 15 until maturity and will mature on March 15 in the years and amounts as set forth on the inside cover page hereof.

The Bonds are subject to redemption prior to maturity as discussed herein. (See "Optional Redemption" herein). The record date for the payment of interest on the Bonds will be the last day of the calendar month preceding the interest payment dates.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of unqualified legal opinions as to the validity of the Bonds, by Norton Rose Fulbright US LLP, Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York on or about June 19, 2018.

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

DATED: May 25, 2018

**\$14,250,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018 SERIES A**

The Bonds mature on March 15 in each year as set forth below:

<u>Date</u>	<u>Amount <sup>(1)</sup></u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2019	\$400,000			783558
2020	285,000			783558
2021	295,000			783558
2022	305,000			783558
2023	315,000			783558
2024	325,000			783558
2025	335,000			783558
2026	350,000			783558
2027	360,000			783558
2028	370,000			783558
2029	385,000			783558
2030	400,000			783558
2031	415,000			783558
2032	425,000			783558
2033	440,000			783558
2034	460,000			783558
2035	475,000			783558
2036	490,000			783558
2037	510,000			783558
2038	525,000			783558
2039	545,000			783558
2040	565,000			783558
2041	585,000			783558
2042	605,000			783558
2043	625,000			783558
2044	645,000			783558
2045	670,000			783558
2046	690,000			783558
2047	715,000			783558
2048	740,000			783558

**\$1,533,000 TAX CERTIORARI (SERIAL) BONDS, 2018 SERIES B  
(FEDERALLY TAXABLE)**

The Bonds mature on March 15 in each year as set forth below:

<u>Date</u>	<u>Amount <sup>(1)</sup></u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2019	\$138,000			783558
2020	130,000			783558
2021	135,000			783558
2022	140,000			783558
2023	150,000			783558
2024	155,000			783558
2025	160,000			783558
2026	170,000			783558
2027	175,000			783558
2028	180,000			783558

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

**VILLAGE OF RYE BROOK  
WESTCHESTER COUNTY, NEW YORK**

**PAUL S. ROSENBERG  
MAYOR**

**BOARD OF TRUSTEES**

Susan R. Epstein .....Trustee

David M. Heiser.....Trustee

Jason A. Klein.....Trustee

Jeffrey B. Rednick .....Trustee

---

Christopher J. Bradbury..... Administrator and Clerk

Patricia Lepre..... Treasurer

Keane & Beane ..... Attorneys to the Village

---

**INDEPENDENT AUDITORS**

**PKF O’Connor Davies, LLP  
Harrison, New York**

---

**BOND COUNSEL**

**Norton Rose Fulbright US LLP  
New York, New York**

---

**MUNICIPAL ADVISOR**



**Capital Markets Advisors, LLC  
Hudson Valley \* Long Island \* Southern Tier \* Western New York  
(845) 227-8678**

**THIS PAGE INTENTIONALLY LEFT BLANK**

No dealer, broker, salesperson or other person has been authorized by the Village of Rye Brook to give any information or to make any representation other than those contained in this Official Statement. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village of Rye Brook since the date thereof.

**TABLE OF CONTENTS**

	<u>Page</u>
THE SERIES A BONDS.....	1
Description .....	1
Authority for and Purpose of the Series A Bonds.....	2
Tax Matters - Series A Bonds .....	2
THE SERIES B BONDS .....	4
Description .....	4
Authority for and Purpose of the Series B Bonds.....	4
Tax Matters - Series B Bonds .....	4
THE BONDS.....	7
Optional Redemption of the Bonds .....	7
Book-Entry Only System .....	7
Nature of the Obligation.....	8
The Tax Levy Limit Law .....	9
ENFORCEMENT OF REMEDIES UPON DEFAULT .....	9
MARKET FACTORS .....	11
THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS.....	12
LITIGATION .....	12
LEGAL MATTERS .....	13
DISCLOSURE UNDERTAKING.....	13
Continuing Disclosure Compliance History.....	13
MUNICIPAL ADVISOR .....	13
RATING .....	14
ADDITIONAL INFORMATION .....	14
APPENDIX A - THE VILLAGE	
THE VILLAGE .....	1
General Information .....	A-1
Form of Government.....	A-1
Services .....	A-2
Employees.....	A-2
Employee Benefits .....	A-3
Other Postemployment Benefits.....	A-4
FINANCIAL FACTORS.....	A-5
Budgetary Procedure.....	A-5
Independent Audits .....	A-5
Investment Policy.....	A-5
Revenues .....	A-6
REAL PROPERTY TAXES.....	A-8
Assessed and Full Valuations.....	A-8
Property Tax Limit.....	A-9
Tax Collection Procedures .....	A-9
Ten of the Largest Taxpayers.....	A-10
VILLAGE INDEBTEDNESS .....	A-11
Constitutional Requirements .....	A-11
Statutory Procedure.....	A-11
Constitutional Debt-Contracting Limitation...A-12	A-12
Bond Anticipation Notes.....	A-13
Tax and Revenue Anticipation Notes.....	A-13
Trend of Capital Debt.....	A-14
Overlapping and Underlying Debt .....	A-14
Debt Ratios.....	A-15
Authorized but Unissued Debt and Prospective Debt Issuance.....	A-15
Recent Financings .....	A-15
Debt Service Schedule .....	A-15
ECONOMIC AND DEMOGRAPHIC DATA ...A-16	A-16
Population .....	A-16
Income.....	A-16
Employment.....	A-16
Educational, Cultural and Medical Institutions.....	A-17
Financial Institutions.....	A-18
Transportation .....	A-18
Communications .....	A-18
Utilities.....	A-18
Development Activities.....	A-18
Housing Data.....	A-18
APPENDIX B - UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS	
APPENDIX C - LINK TO INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED MAY 31, 2017	
APPENDIX D - FORMS OF LEGAL OPINIONS	
APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKING	

**THIS PAGE INTENTIONALLY LEFT BLANK**

**OFFICIAL STATEMENT**  
**VILLAGE OF RYE BROOK**  
**WESTCHESTER COUNTY, NEW YORK**

relating to

**\$14,250,000**  
**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2018 SERIES A**  
**(the “Series A Bonds”)**

and

**\$1,533,000**  
**TAX CERTIORARI (SERIAL) BONDS, 2018 SERIES B**  
**(FEDERALLY TAXABLE)**  
**(the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”)**

The material set forth herein, including the cover pages, inside cover page and appendices hereto, has been prepared by the Village of Rye Brook, in the County of Westchester, in the State of New York (the “Village,” “County,” and “State,” respectively) in connection with the sale of \$14,250,000 Public Improvement (Serial) Bonds, 2018 Series A (the “Series A Bonds”) and \$1,533,000 Public Improvement (Serial) Bonds, 2018 Series B (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

The factors affecting the Village’s financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Village’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 Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds, the acts and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

**THE SERIES A BONDS**

***Description***

The Series A Bonds will be dated their date of delivery and mature serially as shown on the inside cover page of this Official Statement. The Series A Bonds will be issued as registered bonds in book-entry form. See “Book-Entry-Only System,” herein. Ownership interests in the Series A Bonds shall be available in denominations of five thousand dollars (\$5,000) or integral multiples thereof. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village to DTC.

The record date (the “Record Date”) for the Series A Bonds is the last day of the month immediately preceding each interest payment.

## ***Authority for and Purpose of the Series A Bonds***

**Authorization.** The Series A Bonds are issued pursuant to the Constitution and laws of the State, including the Local Finance Law, and a bond resolution adopted by the Village Board on September 26, 2017. Certain details of the Series A Bonds will be prescribed by certificates of the Village Treasurer executed pursuant to powers delegated to her to fix terms, form and contents of the Series A Bonds and to provide for the sale thereof.

**Purpose.** The proceeds of the Series A Bonds will provide \$14,250,000 in original financing for the construction of a new public works and parks facility building on Village-owned land at 511 West William Street, 502 Ellendale Avenue and 528 Ellendale Avenue in the Village.

## ***Tax Matters - Series A Bonds***

**Tax Exemption.** The delivery of the Series A Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Series A Bonds 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 Series A Bonds 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 Village made in a certificate (the “Tax Certificate”) dated the date of delivery of the Series A Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series A Bonds and will assume continuing compliance by the Village with the provisions of the Tax Certificate subsequent to the issuance of the Series A Bonds. The Tax Certificate contains covenants by the Village with respect to, among other matters, the use of the proceeds of the Series A Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series A Bonds 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 Series A Bonds 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 Village 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 Series A Bonds is commenced, under current procedures the IRS is likely to treat the Village as the “taxpayer,” and the owners of the Series A Bonds 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 Series A Bonds, the Village may have different or conflicting interests from the owners of the Series A Bonds. Public awareness of any future audit of the Series A Bonds could adversely affect the value and liquidity of the Series A Bonds during the pendency of the audit, regardless of its ultimate outcome.

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

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 Series A Bonds. Prospective purchasers of the Series A Bonds should be aware that the ownership of tax-exempt obligations such as the Series A Bonds 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 Series A Bonds 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 Series A Bonds. Prospective purchasers of the Series A Bonds should consult with their own tax advisors with respect to the bill or to any proposed changes in tax law.

**Tax Accounting Treatment of Discount and Premium on Certain Series A Bonds.** The initial public offering price of certain Series A Bonds (the “Discount Bonds”) may be less than the amount payable on such Series A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds 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 Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (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 Series A Bonds 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 Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond 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 Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Series A Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Series A Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond 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 Bond. 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 Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## THE SERIES B BONDS

### *Description*

The Series B Bonds will be dated their date of delivery and mature serially as shown on the inside cover page of this Official Statement. The Series B Bonds will be issued in fully registered form either registered in the name of the successful bidder (in the case of SIBs or other registered certificates form) or registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) (in the case of Book-Entry-Only form). See “Book-Entry-Only System,” herein. Ownership interests in the Series B Bonds shall be available in denominations of five thousand dollars (\$5,000) or integral multiples thereof, except for one necessary odd denomination. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Village to the securities depository company.

The record date (the “Record Date”) for the Series B Bonds is the fifteenth day of the month immediately preceding each interest payment.

### *Authority for and Purpose of the Series B Bonds*

**Authorization.** The Series B Bonds are issued pursuant to the Constitution and laws of the State, including the Local Finance Law, and a bond resolution adopted by the Village Board on January 9, 2018. Certain details of the Series B Bonds will be prescribed by certificates of the Village Treasurer executed pursuant to powers delegated to her to fix terms, form and contents of the Series B Bonds and to provide for the sale thereof.

**Purpose.** The proceeds of the Series B Bonds will be used to redeem \$1,517,808 in outstanding bond anticipation notes maturing on June 20, 2018 and provide \$15,192 in original financing to pay the cost of the settling various tax certiorari claims.

### *Tax Matters - Series B Bonds*

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

**Certain Federal Income Tax Considerations.** The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Series B Bonds. The discussion is based upon the Code, U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Series B Bond by a beneficial owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Series B Bonds in light of the investor’s particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Series B Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Series B Bonds in connection with the performance of services, or persons deemed to sell Series B Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Series B Bonds as “capital assets” within the meaning of Section 1221 of the Code, and acquire such Series B Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the Series B Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does

not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE SERIES B BONDS.

**Stated Interest and Reporting of Interest Payments.** The stated interest on the Series B Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof. Subject to certain exceptions, the stated interest on the Series B Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Series B Bond for federal income tax purposes.

**Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Series B Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Series B Bonds as well as gain on the sale of a Series B Bond.

**Original Issue Discount.** If the first price at which a substantial amount of the Series B Bonds of any stated maturity is sold at original issuance (the “Issue Price”) is less than the face amount by more than one quarter of one percent times the number of complete years to maturity, the Series B Bonds of that maturity will be treated as being issued with “original issue discount”. The amount of the original issue discount on each Series B Bond of that maturity will equal the excess of the principal amount payable on that Series B Bond at maturity over the Issue Price, and the amount of the original issue discount on such Series B Bond will be accrued over its term using the “constant yield method” provided in the Treasury Regulations. As original issue discount on a Series B Bond accrues under the constant yield method, the beneficial owner of a Series B Bond with original issue discount will be required to include as interest each such accrual in its gross income regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of a Series B Bond issued with original issue discount that exceeds actual cash distributions on that Series B Bond in the taxable year. The amount of any original issue discount that accrues on the Series B Bonds each year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner’s gross income while the beneficial owner holds a Series B Bond will increase the adjusted tax basis of the Series B Bond in the hands of such beneficial owner.

**Premium.** If a beneficial owner purchases a Series B Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Series B Bond with “amortizable bond premium” equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Series B Bond and may offset interest otherwise required to be included in respect of the Series B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series B Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Series B Bond. However, if the Series B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Series B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

**Backup Withholding.** Under Section 3406 of the Code, a beneficial owner of the Series B Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of

24 percent) on current or accrued interest on the Series B Bonds or with respect to proceeds received from a disposition of the Series B Bonds. This withholding applies if such beneficial owner of Series B Bonds: (i) fails to furnish to the payor such beneficial owner's social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such beneficial owner's broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such beneficial owner is not subject to backup withholding. To establish status as an exempt person, a beneficial owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the beneficial owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. **BENEFICIAL OWNERS OF THE SERIES B BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE.** The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

**Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.** Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a beneficial owner of the Series B Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest." Interest will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Series B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such beneficial owner is not a bank receiving interest on the Series B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Series B Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

**Foreign Account Tax Compliance Act.** Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series B Bonds and sales proceeds of Series B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018, and (ii) certain "pass-thru" payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

*The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Series B Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.*

## **THE BONDS**

### ***Optional Redemption of the Bonds***

**Call Provisions.** The Bonds maturing on or before March 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on March 15, 2027, and thereafter, will be subject to redemption prior to maturity, at the option of the Village, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after March 15, 2026 at par plus accrued interest to the redemption date.

**Call Notification.** If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot, in any customary manner of selection, as determined by the Supervisor. Notice of such call for redemption shall be given by mailing such notice to the registered holder, not more than sixty (60) days nor less than thirty (30) days, prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest, to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “Book-Entry-Only System” for additional information concerning redemptions).

### ***Book-Entry Only System***

If requested, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each Bond maturity and will be deposited with DTC.

DTC 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 (the “Commission”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Village may 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 DTC, and the Village takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

### ***Nature of the Obligation***

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

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

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

### ***The 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”), 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 Village has been subject to the Tax Levy Limit Law since January 1, 2012. Pursuant to the Tax Levy Limit Law, a local law must be adopted after a public hearing if a Village seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Village’s prior year’s tax levy (the “Tax Levy Increase Limit”).

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

Bonds of the Village 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 a lack of long term experience operating under the Law, the effect of the Law on the Village’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.

## **ENFORCEMENT OF REMEDIES UPON DEFAULT**

The following description of factors affecting the possible enforcement of remedies upon a default by the Village is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Village are complex and the obligations of the Village, under certain circumstances, might not be enforced precisely as written.

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the Village and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

**Unavailability of Remedies of Levy and Attachment.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against the Village may not be enforced by levy and execution against property owned by the Village.

**Constitutional Non-Appropriation Provision.** The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Village were to fail to make a required appropriation, however, the ability of affected owners of Village indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

**Bankruptcy.** The Federal Bankruptcy Code allows municipalities, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Village file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities in New York with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Bonds should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds could be deemed unsecured obligations of the Village in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Village may be able, without the consent and over the objection of owners of the Bonds, to impair and alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Bonds to receive interest and principal from the Village and the enforceability of the Village's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Village (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.



Regardless of any specific adverse determinations in a bankruptcy proceeding of the Village, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

**State Debt Moratorium Law.** Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations. Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The State Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Possible Priority of Continuation of Essential Public Services.** In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

## **MARKET FACTORS**

The financial and economic condition of the Village as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Village's control. Adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or significant taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, could occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Village to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Village will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See "State Aid" herein).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note, would cause the bondholder or noteholder to incur a potential capital loss if such bond or note were sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Bonds (see "Tax Matters" herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Village, school districts, and fire districts in the State could have an impact upon operations of the Village and as a result, the market price for the Bonds (see "The Tax Levy Limit Law," herein).

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

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual 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 Village as "no designation, with a score of "0" points.

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

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. OSC has not reviewed the Village in the last five years.

### **LITIGATION**

The Village receives numerous notices of claims and/or complaints alleging, among other things, false arrest or imprisonment, malicious prosecution, personal injury or breach of civil rights. Most claims filed against the Village seek money damages, some seek injunctive, administrative or other relief. In the opinion of the Village Attorneys, the resolution of all claims currently pending against the Village will not adversely affect the financial position of the Village, except as noted herein.

Westchester Joint Water Works ("WJWW") is a joint venture with a number of municipalities, including the Village. The purpose of the joint venture is to acquire, construct, provide, maintain and operate a water works system.

The WJWW is currently being fined by the New York State Health Department for not meeting a Supreme Court of the State of New York ruling requiring the construction of a filtration plant by December 3, 2008. These fines amount to \$29,580,750 as of December 31, 2014 and continue to accrue at \$13,750 a day. The Attorney firm representing the Village in this matter was unable to furnish an estimated range of potential losses in the likelihood of an unfavorable outcome. Management of the WJWW has indicated that the State is holding in abeyance the imposition of these fines although they continue to be accrued by the WJWW. The Village has not accrued their share as the expectation of management is that the fines will be suspended or replaced with a negotiated settlement when the WJWW has entered into an inter-municipal agreement for an alternative compliant source of water. Negotiations are ongoing.

**Tax Certiorari Proceedings.** There are various tax certiorari proceedings pending against the Village under Article 7 of the Real Property Tax Law. The plaintiffs (which include two of the taxpayers listed in Table 22 herein) in these actions are seeking to reduce their property assessments based on claims that the values as presently determined are excessive. Settlements in these cases could result in assessment reductions as well as the refund of prior year's taxes. For the fiscal years ended May 31, 2016 and 2017 the Village paid tax refunds of \$8,220, and \$264,931, respectively. For the current fiscal year, as of March 1, 2018, the Village has paid \$1,518,817 in tax refunds (see "Authority for and Purpose of the Series B Bonds," herein).

## **LEGAL MATTERS**

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, New York, New York. Such legal opinion will be delivered in substantially the forms attached hereto as "APPENDIX D."

## **DISCLOSURE UNDERTAKING**

This Official Statement is in a form "deemed final" by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time promulgated by the Commission, the Village has agreed to provide, at the time of delivery of the Bonds, an executed Continuing Disclosure Undertakings in substantially the respective forms attached hereto in "Appendix E."

### ***Continuing Disclosure Compliance History***

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Village. Due to widespread knowledge of these rating actions, material event notices were not filed by the Village in such instances.

## **MUNICIPAL ADVISOR**

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

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

## RATING

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

The Village's underlying rating by Moody's is currently "Aa1."

Such ratings reflect only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 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 ratings may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

## ADDITIONAL INFORMATION

Additional information may be obtained from Patricia Lepre, Treasurer, 938 King Street, Rye Brook, New York 10573, (914) 937-6565, e-mail: [PLepre@ryebrook.org](mailto:PLepre@ryebrook.org) or from the Village's Municipal Advisor, Capital Markets Advisors, LLC, 1075 Route 82 – Suite 4, Hopewell Junction, NY 12533, (845) 227-8678.

Any statements in the 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 Village and the original purchasers or holders of any of the Bonds.

The Municipal Advisor may place a copy of this Official Statement on its website at [www.capmark.org](http://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. The Municipal Advisor has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Village nor The Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, The Municipal Advisor and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. The Municipal Advisor and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

VILLAGE OF RYE BROOK  
WESTCHESTER COUNTY, NEW YORK

By: \_\_\_\_\_  
Patricia Lepre  
Treasurer and Chief Fiscal Officer

DATED: May 25, 2018

**APPENDIX A**

**THE VILLAGE**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## THE VILLAGE

There follows in this Official Statement a brief description of the Village together with certain information concerning its governmental organization, economy, indebtedness and finances.

### ***General Information***

The Village was incorporated in 1982 and is situated in the southeastern portion of the County in the Town of Rye (the "Town"). The Village is located near the Long Island Sound; New York City is approximately 15 miles southwest of the Village and Greenwich, Connecticut forms much of the Village's eastern border. U.S. Interstate 287 (the Cross-Westchester Expressway) runs through a portion of the Village and intersects with U.S. Interstate 95 east of the Village.

The Village is essentially residential in character with a predominance of single-family homes. However, the Village has significant commercial base along South Ridge Street, Bowman Avenue and Westchester Avenue (a prime business area which runs between the City of White Plains and the Village) and King Street. The Village's population according to the estimated U.S. Census in 2016 was 9,513, an increase of 1.8% since the 2010 Census. Wealth levels of the Village exceed those of the County and State as a whole. According to data provided by the US Census Bureau, per capita money income in the Village exceeded the County by \$19,094, or 39.1%, and the State by \$34,743, or 104.5%. Median family income in the Village for 2016 was estimated at \$150,797, while income for County and State families were \$108,108 and \$71,913, respectively. The 2016 median value owner occupied homes in the Village was estimated at \$737,100, according to the U.S. Census Bureau. See "Economic and Demographic Information, Employment" herein.

A large percentage of employed Village residents hold managerial or professional jobs. Many residents commute to New York City or other areas in the Metropolitan New York area. Unemployment statistics are not compiled for the Village, but rates are available for the Town as a whole. Historically, the Town's unemployment rates have been below those of the County and State. See "Economic and Demographic Data," herein.

### ***Form of Government***

The Village was established as a municipal government by the State pursuant to Village Law, following a special referendum, and is vested with various powers and responsibilities inherent in the operation of municipal government including the power to adopt rules and regulations to govern its affairs. In addition, the Village may tax real property situated in its boundaries and incur debt subject to the provisions of the State's Local Finance Law. There are two independent school districts operating in the Village that possess similar taxing and borrowing powers. Village residents also pay real property taxes to the Town and County.

The governmental operations of the Village are subject to the provisions of the State Constitution and various statutes affecting village governments, such as the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law and provisions of the County's Tax Law.

The Board of Trustees is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees and a Mayor, all of whom are elected at large to serve two-year terms. The number of terms is not limited. It is the responsibility of the Village Board to enact, by resolution, all legislation including local laws. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The original issuance of all Village indebtedness must be approved by the Village Board.

The Mayor is the Chief Executive Officer of the Village and is elected for a two-year term of office with the right to succeed himself. In addition, the Mayor is a full member of and the presiding officer of the Village Board.

The Village has an administrator who is appointed by the Village Board and serves at its pleasure. The Administrator is the Chief Administrative Officer of the Village and supervises the day-to-day operations of the Village. The Administrator recommends appointments for all department heads and employees to the Village Board.

The Village Administrator serves as the Budget Officer and prepares the tentative budget at the direction of the Mayor and the Village Board.

The Administrator also serves as the appointed Village Clerk. The responsibilities of the Clerk are many and varied, including the supervision of the Village elections. The Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board of Trustees. In addition, the Clerk serves as the record keeper to the Board of Trustees and various Village Boards. The Clerk is responsible for maintaining the Village code of laws as they relate to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations, and general ordinances.

The Treasurer is the Chief Fiscal Officer of the Village. The Treasurer is responsible for the disbursement, investment, and accounting of all Village funds. Included in the Treasurer's responsibilities is the preparation of the annual budget, accounts receivable and payable, capital financings, payroll, accounting, cash management and electronic data processing.

***Services***

The Village provides its residents with many of the services traditionally provided by village governments in the State. In addition, the Town and County furnish certain other services. A list of these services provided by the Village are as follows: police protection and law enforcement; sewer collection services; refuse collection (contract); highway and public facilities maintenance; cultural and recreational activities; building code enforcement and; planning and zoning administration. The Port Chester-Rye Brook Public Library provides library services to Village residents. Fire protection is provided by twelve Village career Firefighters and through a contract with the Village of Port Chester. The Village twelve paid firefighters are supervised by the Port Chester Fire Chief and the Village Administrator.

Pursuant to State law, the County funds and provides various social service and health care programs. The County provides sewage treatment services through special county districts

***Employees***

The Village employs approximately 72 full-time and 4 part-time employees. Employees are represented by three unions, and one non-union as noted in the following table.

<u>Number of Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
14	Teamsters – Local 456	05-31-20
26	Rye Brook Police Benevolent Assoc. International Association of Firefighters	05-31-23
13	Local 4041	05-31-20
19	Non-Union	05-31-18 <sup>(1)</sup>

(1) Non-Union Employee Agreement reviewed annually

Source: Village officials.



## ***Employee Benefits***

Substantially all employees of the Village are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”) (ERS and PFRS are referred to collectively hereinafter as the “Retirement System” where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years of membership or 10 years of credited service in the Retirement System. Members hired on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

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

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

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Village generally opts to make its pension payments in December in order to take advantage of the discount. The most recent payment was made by the Village in December of 2017.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. The employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village does not currently amortize any pension payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The Village pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

For State Fiscal Year 2016-17, the average contribution rates decreased for the third year in a row. ERS decreased by 2.7% of payroll, from 18.2% to 15.5% and the average contribution rate for PFRS decreased by approximately .4% of payroll from 24.7% to 24.3%. For the State Fiscal Year 2017-18 the contribution rates for ERS and PFRS remain unchanged at the 2016-17 levels. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

**ERS and PFRS Contributions.** Five years of audited and two year of budgeted contributions to ERS and PFRS are as follows:

Fiscal Year Ended May 31:	ERS	PFRS
2013	\$541,144	\$ 920,849
2014	599,793	1,119,946
2015	573,027	1,071,494
2016	542,185	886,012
2017	481,109	993,970
2018 (Budget)	500,000	1,000,000
2019 (Budget)	495,000	1,057,000

Source: The audited financial statements of the Village.

### ***Other Postemployment Benefits***

**GASB 45.** The Village 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 Village, 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 have 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.

Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of May 31, 2017 was approximately \$40,000,152. For the year ended May 31, 2017, the Village’s ARC was \$3,376,561. The Village’s UAAL for OPEB could have a material adverse impact upon the Village’s finances and could force the Village to reduce expenses, raise taxes or both. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. There is no authority in current State law to establish a trust account or reserve fund for this liability. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

Source: The audited financial statements for the fiscal year ended May 31, 2017.

## **FINANCIAL FACTORS**

### ***Budgetary Procedure***

The head of each administrative unit of the Village is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the Budget Officer (Village Administrator) on or before February 1st of each year. After reviewing these estimates, the Village Administrator prepares a tentative budget which includes his recommendations. The tentative budget is filed with the Village Clerk not later than March 20th. Subsequently, the Village Clerk presents the tentative budget to the Board of Trustees at a regular or special hearing. The tentative budget and such modifications as may be approved by the Board, if any, becomes the preliminary budget. A public hearing on the preliminary budget, notice of which must be given at least five (5) days prior to such hearing, must be held not later than April 15th. Members of the public may express their views on the preliminary budget. However, there is no provision that the budget, or any part thereof, be approved by the public. After the public hearing, the Village Board may make changes to further revise the preliminary budget. However, the preliminary budget as submitted or amended by the Village Board must be adopted by May 1st, at which time the preliminary budget becomes the annual budget of the Village for the ensuing fiscal year.

Budgetary control is the responsibility of the Village Administrator. Formal integration of the budget with the accounting system is used during the year as a management tool to provide control over expenditures.

Summaries of the General Fund budgets adopted for the fiscal years ending May 31, 2018 and 2019 are presented in Appendix B.

### ***Independent Audits***

The Village retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended May 31, 2017. Appendix B, attached hereto, presents excerpts from the Village’s most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

In addition, the Village is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See “The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews” herein.

### ***Investment Policy***

Pursuant to Section 39 of the State's General Municipal Law, the Village has an investment policy applicable to the investment of all moneys and financial resources of the Village. The responsibility for the investment program has been delegated by the Board to the Chief Financial Officer who was required to establish written operating procedures consistent with the Village's investment policy guidelines. According to the investment policy of the Village, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

**Authorized Investments.** The Village has designated seven banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Village is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Village is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Village include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the Village (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Village, but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Village may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Village, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse repurchase agreements are not permitted under State law.

**Collateral Requirements.** All Village deposits in excess of the applicable insurance coverage provided by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities,” “eligible surety bonds” or “eligible letter of credit” as described in the Law.

Eligible securities pledged to secure deposits must be held by the depository or third-party bank or trust company pursuant to written security and custodial agreements. The Village’s security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Village must be delivered, in a form suitable for transfer or with an assignment in blank, to the Village or its designated custodial bank. The custodial agreements used by the Village provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the Village, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the Village in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

## ***Revenues***

The Village derives its revenues primarily from real property taxes and special assessments, State aid, hotel tax and departmental fees and charges. A summary of such revenues for the years 2013-2017 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Village’s audited financial reports, however, such presentation has not been audited.

**Property Taxes.** The Village derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 74.0% of total general fund and other governmental funds revenues for the fiscal year ended May 31, 2017.

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

**General Fund Revenues & Real Property Taxes<sup>(1)</sup>**

<u>Fiscal Year Ended May 31:</u>	<u>Total Revenues <sup>(1)</sup></u>	<u>Real Property Taxes</u>	<u>Taxes to Revenues</u>
2013	\$18,676,534	\$13,198,242	70.7%
2014	18,747,786	13,442,341	71.7
2015	18,893,191	13,987,981	74.0
2016	19,911,806	14,534,433	73.0
2017	19,966,651	14,768,923	74.0
2018 (Budget) <sup>(2)</sup>	19,833,131	15,169,640	76.5
2019 (Budget) <sup>(2)</sup>	21,084,413	16,300,275	77.3

(1) Excludes other Financing Sources. .

(2) Excludes \$978,500 for 2018 and \$2,272,808 for 2019 in use of fund balance or reserves and proceeds of bonds.

Source: Audited Financial Statements and Adopted Budgets of the Village. Summary itself not audited.

**State Aid.** The Village receives financial assistance from the State. State aid accounted for approximately 2.56% of the total general fund revenues of the Village in the 2017 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Information about the State’s finances is available on the website maintained by the New York State Division of the Budget at [www.budget.ny.gov](http://www.budget.ny.gov).

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

The following table sets forth total fund revenues and State aid revenues received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

**General Fund & State Aid Revenues <sup>(1)</sup>**

<u>Fiscal Year Ended May 31:</u>	<u>Total Revenues <sup>(1)</sup></u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	\$18,676,534	\$379,770	2.0%
2014	18,747,786	459,193	2.5
2015	18,893,191	445,305	2.4
2016	19,911,806	521,100	2.6
2017	19,966,651	511,968	2.6
2018 (Budget) <sup>(2)</sup>	19,833,131	455,208	2.3
2019 (Budget) <sup>(2)</sup>	21,084,413	423,232	2.0

(1) Excludes other Financing Sources. .

(2) Excludes \$978,500 for 2018 and \$2,272,808 for 2019 in use of fund balance or reserves and bond proceeds.

Source: Audited Financial Statements and Adopted Budgets of the Village. Summary itself not audited.

**Sales Tax.** The Village receives a share of the County sales tax. The County presently imposes a 1 ½% County-wide sales and use tax on all retail sales. Additionally, the State, effective May 1, 2005, imposes a 4% State sales tax and a 3/8% sales tax levied in the Metropolitan Transportation Authority District. The cities in the County have the power under State law to impose by local law and State legislative enactment their own sales and use taxes. At present, such taxes are imposed at a rate of 2½% in the Cities of White Plains, Mount Vernon, New Rochelle, and Yonkers. The Cities of Rye and Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax for the County to impose in localities other than cities which have their own sales tax. This additional 1% sales tax became effective on October 15, 1991 and has been extended through May 31, 2018. The additional 1% sales tax is to be apportioned between the County (33 1/3%), school districts in the County (16 2/3%) and towns, villages and cities in the County which have imposed sales taxes (50%).

In February of 2004, the State Legislature authorized an increase of ½% to the additional 1% 1991 sales tax. The County retains 70% of this amount, the municipalities 20% and the school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2018.

The following table sets forth total General Fund revenues and sales taxes received for each of the past five fiscal years ended May 31 and the amounts budgeted for the two most recent fiscal year.

<b><u>General Fund &amp; Sales Tax Revenues</u></b>			
<u>Fiscal Year Ended</u> <u>May 31:</u>	<u>Total</u> <u>Revenues <sup>(1)</sup></u>	<u>Sales</u> <u>Tax</u>	<u>Sales Tax</u> <u>to Revenues</u>
2013	\$18,676,534	\$1,273,024	6.8%
2014	18,747,786	1,342,890	7.2
2015	18,893,191	1,339,612	7.1
2016	19,911,806	1,368,979	6.9
2017	19,966,651	1,379,984	6.9
2018 (Budget) <sup>(2)</sup>	19,833,131	1,352,000	6.8
2019 (Budget) <sup>(2)</sup>	21,084,413	1,360,000	6.5

(1) Excludes other Financing Sources.

(2) Excludes \$978,500 for 2018 and \$749,000 for 2019 in use of fund balance or reserves and bond proceeds.

Source: Audited Financial Statements Adopted Budgets of the Village. The above summary itself is not audited.

### **REAL PROPERTY TAXES**

The Village derives its power to levy ad valorem real property taxes from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five- year average full valuation of taxable real property of the Village.

#### ***Assessed and Full Valuations***

The following table shows the assessed valuations, final State equalization rates and full valuations of all taxable property within the Town for the last five years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxable Assessed Valuation	\$2,415,224,674	\$2,481,651,350	\$2,588,100,472	\$2,797,349,381	\$2,834,653,752
Rate <sup>(1)</sup>	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	\$2,415,224,674	\$2,481,651,350	\$2,588,100,472	\$2,797,349,381	\$2,834,653,752

(1) Final rates as established by the State Office of Real Property Tax Services (the "ORPTS").

Source: Town Officials.

## *Property Tax Limit*

### **Computation of Real Property Tax Levying Limitation Fiscal Year Ending May 31, 2018**

	<u>Full Valuation Of Real Estate</u>
Five-Year Average Full Valuation	<u>\$13,116,979,629</u>
Tax Limit (2% of Average Full Valuation)	<u>52,467,919</u>
Tax Levy for General Village Purposes	<u>15,167,140</u>
Total Exclusions	<u>1,293,225</u>
Tax Levy Subject to Limit	<u>13,873,915</u>
Constitutional Tax Margin	<u><u>\$ 38,594,004</u></u>
Percentage of Tax Limit Exhausted	<u><u>26.44%</u></u>

Source: Statement of Constitutional Tax Limit for the year ending May 31, 2018.

## ***Tax Collection Procedures***

**General Procedures.** The Town determines the assessed valuation for taxable real properties in the Village. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes but which are exempt for general municipal purposes. A revaluation of the real property in Town, including the Village, was completed in 2004. Moreover, the Town is maintaining its assessment rolls on a full value basis in accordance with the procedures prescribed by the ORPTS.

The Village Board levies real property taxes pursuant to a resolution and such taxes become a lien on the first day of June. A tax warrant is delivered to the Receiver of Taxes for the Town who collects taxes on behalf of the Village. The Receiver of Taxes remits taxes to the Village on a monthly basis. Taxes may be paid in two unequal installments in the months of February and June. The first installment, constituting two-thirds of the tax due, may be paid without penalty through June 30. The second installment must be paid by the last day in February in order to avoid the penalty. Payments made after the due dates must include a 2% penalty for the first month or fraction thereof and an additional 1% penalty for each month or part of a month thereafter up to a maximum of 12%.

Pursuant to a 1987 local law, the Town enforces and guarantees the collection of the delinquent real property taxes of the Village. Village taxes unpaid at the expiration of tax warrant on March 1 of each year are included in the tax lien proceeding conducted by the Town generally during the month of July. The Town settles the Village's delinquent taxes shortly after acquiring the tax liens thereby ensuring that the Village is able to recognize 100% of its tax levy as revenue on a current basis.

**Homestead Tax Option.** Pursuant to Local Laws No. 2 of 2005, approved by the Village Board in February 2005, the Village adopted the "Homestead Tax Option" provisions of Section 1903 of the Real Property Tax Law. The homestead option became effective for Village taxes levied for the year 2005. In order to make the homestead election, the Town was required to complete a property revaluation project that met the regulations prescribed by ORPTS. Such revaluation was undertaken and completed with the tax assessment roll finalized on or about September 2004.

The homestead tax option allows the Village to establish two separate property tax rates. Residential property pays a lower homestead rate, all other properties pay a higher non-homestead rate. For 2017-2018, homestead properties pay a rate of \$4.85 per \$1,000 of taxable assessed values for general and highway purposes. The corresponding non-homestead tax rate is \$7.32.

The following table sets forth the tax levies and tax collection record for the last five years.

**Real Property Tax Levies, Rates and Collections**  
**2013-2018**

Fiscal Year Ending May 31:	Tax Levy <sup>(1)</sup>	Tax Rate Per \$1,000 Assessed Valuation <sup>(2)</sup>	Taxes Collected Prior to Tax Lien Date	% Collected Prior to Lien Date <sup>(3)</sup>	Taxes Uncollected On Lien Date <sup>(3)</sup>
2013	\$13,198,242	\$4.77	\$13,129,239	99.48%	\$69,003
2014	13,442,341	5.07	13,380,132	99.54	62,209
2015	13,987,981	5.06	13,922,673	99.53	62,308
2016	14,534,433	4.97	14,486,207	99.67	48,226
2017	14,777,892	4.68	14,517,019	98.23	260,873
2018	15,167,140	4.85	14,885,914 <sup>(4)</sup>	98.15 <sup>(4)</sup>	N/A <sup>(4)</sup>

(1) Includes special assessment for water, sewer and lighting.

(2) Homestead tax rates.

(3) Town collects, enforces and guarantees Village taxes. Amounts uncollected on tax lien date are included in the annual tax liens acquired by Town. Village receives 100% of its annual tax levy.

(4) As of May 1, 2018.

Source: Village officials.

***Ten of the Largest Taxpayers***

**2017-18 Fiscal Year**

Taxpayer	Classification	Assessed Valuation	% Total Assessed Valuation <sup>(1)</sup>
Reckson Operating Partners L.P. <sup>(2)</sup>	Office Building	\$ 84,849,700	3.00%
Doral Conference Center Assoc. <sup>(2)</sup>	Hotel/Golf Course	84,368,300	2.98
760-800 Owner, LLC	Office Building	77,247,000	2.73
Con Edison Co. of NY	Utility	47,217,421	1.67
Win Ridge Shopping Center LLC <sup>(3)</sup>	Retail Shopping Center	46,821,400	1.65
Westchester County Airport <sup>(3)</sup>	Air Transportation	44,592,750	1.57
VTR Rye Brook, LLC	Apartments	32,805,400	1.16
SC Rye Brook Partners, LLC	Residential Vacant Land	24,575,300	0.87
Rye Hotel, LLC	Hotel	18,000,000	0.64
900 King Street Owner, LLC	Office Building	15,150,000	0.53
<b>Total</b>		<b>\$475,627,271</b>	<b>16.78%</b>

(1) Total taxable assessed values on the Village's tax roll for the year ending May 31, 2018 are \$2,834,653,752.

(2) Proceeds of the Series B Bonds will permanently finance notes that were issued in March of 2018 to finance various tax refunds, including the listed taxpayer.

(3) Taxpayer has tax claim pending for one or more years.

Source: Village officials.



## VILLAGE INDEBTEDNESS

### *Constitutional Requirements*

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

**Purpose and Pledge.** Subject to certain enumerated exceptions, the Village shall not give or loan any money or property to or in aid of any individual or private corporation or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal 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 or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

**Debt Limit.** The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Village, 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 to take the assessed valuation of taxable real estate for the latest completed assessment roll and divide the same by the equalization rate as determined by the ORPTS. The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

### *Statutory Procedure*

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

There is no constitutional limitation on the amount that may be raised by the Village by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a procedural limitation on the power of the Village to increase its annual tax levy. See "The Tax Levy Limit Law."

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

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

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

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

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

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

***Constitutional Debt-Contracting Limitation***

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Village, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Village is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit” and “The Tax Levy Limit Law,” herein).

The Village determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for Village purposes.

The following table sets forth the Village’s debt-contracting limitation.

<b>Computation of Debt Contracting Limitation</b>				
<b><u>As of May 16, 2018</u></b>				
<u>Assessment</u> <u>Roll</u> <u>Filed</u>	<u>Year</u> <u>Ending</u> <u>May 31:</u>	<u>Taxable</u> <u>Assessed</u> <u>Valuation <sup>(1)</sup></u>	<u>State</u> <u>Equalization</u> <u>Rate <sup>(2)</sup></u>	<u>Full</u> <u>Valuation</u>
2012	2014	\$2,415,224,674	100.00%	\$2,415,224,674
2013	2015	2,481,651,350	100.00	2,481,651,350
2014	2016	2,588,100,472	100.00	2,588,100,472
2015	2017	2,797,349,381	100.00	2,797,349,381
2016	2018	2,834,653,752	100.00	2,834,653,752
Total Five-Year Full Valuation				<u>\$13,116,979,629</u>
Five-Year Average Full Valuation				<u>2,623,395,926</u>
Debt Contracting Limitation: 7% of Five-Year Average Full Valuation				<u><u>\$ 183,637,715</u></u>

(1) Village Officials.  
(2) Final rates as established by the ORPTS.

Source: Village Officials.

**Statutory Debt Limit and Net Indebtedness  
As of May 16, 2018**

	Amount of Debt Limit	Percentage
Debt Contracting Limitation:	\$183,637,715	100.00%
Gross Indebtedness:		
Serial Bonds	1,290,000	0.70
Bond Anticipation Notes	3,997,933	2.18
	5,287,933	2.88
Less Deductions and Exclusions:		
Unexpended Appropriations To Pay Non-Exempt Principal Debt	-0-	0.00
Net Indebtedness	5,287,933	2.88
Debt-Contracting Margin	\$178,349,782	97.12%

***Bond Anticipation Notes***

**Bond Anticipation Notes  
As of May 16, 2018**

Purpose	Original Issue Date	Current Maturity	Amount Outstanding <sup>(1)</sup>
Tax Certiorari Claims <sup>(1)</sup>	03-15-18	06-20-18	\$1,517,808
Various Improvements	10-13-17	08-11-18	1,111,875
Playgrounds and Vehicles	08-11-17	08-11-18	245,750
Land Acquisition	03-15-18	03-14-19	187,500
Turf Fields and Vehicles	03-15-18	03-14-19	400,000
Sewer Improvements	03-15-18	03-14-19	535,000
			\$3,997,933

(1) To be permanently financed with proceeds of the Series B Bonds (see "Authority and Purpose of the Series B Bond," herein).

***Tax and Revenue Anticipation Notes***

The Village has not issued tax anticipation notes or revenue anticipation notes during the last five years and does not anticipate a need for such financing in the foreseeable future.

***Trend of Capital Debt***

The following table sets forth the total amount of bonds outstanding at the end of the last five years.

**Debt History**

Fiscal Year Ended May 31:	Bonded Debt
2013	4,655,775
2014	5,116,275
2015	5,196,331
2016	5,177,386
2017	4,614,318

***Overlapping and Underlying Debt***

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt of the County including special County Districts, the Town and two independent school districts. Such taxpayers' share of this overlapping debt is based upon the amount of the Village's equalized property values taken as a percentage of each separate units' total values. The following table presents the estimated amount of overlapping debt applicable to the Village; authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness  
As of May 16, 2018**

Gross Direct Indebtedness	\$ 5,287,933
Exclusions and Deductions	<u>-0-</u>
Net Direct Indebtedness	<u>\$ 5,287,933</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Underlying Debt</u>	<u>Debt Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County:	12-31-17			
General		\$574,596,503	1.55%	\$ 8,906,246
Sewer District		514,009,904	3.71	19,069,767
Refuse District #1		13,274,321	1.88	249,557
Town	09-21-17	1,925,000	38.42	739,585
Blind Brook-Rye UFSD	06-30-17	11,850,000	100.00	11,850,000
Port Chester-Rye UFSD	06-30-17	11,350,000	23.18	<u>2,630,930</u>
 Total				 <u><u>\$43,446,085</u></u>

Sources: County and the MSRB.

## Debt Ratios

The following table sets forth certain debt ratios based upon the Village's Statements of Direct and Overlapping Debt.

### **Debt Ratios As of May 16, 2018**

	Amount	Debt Per-Capita <sup>(1)</sup>	Debt to Estimated Full Value <sup>(2)</sup>	Per-Capita Debt <sup>(3)</sup> To Per-Capita Income
Net Direct Debt	\$5,287,933	\$ 556	0.19%	0.82%
Net Direct and Overlapping Debt	\$48,734,018	\$5,123	1.72%	7.54%

(1) The population of the Village is estimated by the U.S. Census Bureau to be 9,513 for 2016.

(2) The full valuation of taxable property within the Village for the tax year 2018 is \$2,834,653,752.

(3) Per capita income for Village residents in 2016 was \$67,979 (US Census Bureau, The American Community Survey-5 Year Estimate).

## Authorized but Unissued Debt and Prospective Debt Issuance

Excluding the Bonds, the Village presently has \$2,000 authorized but unissued debt in connection with a bond resolution to finance tax certiorari claims. Village officials do not anticipate the remaining authorization will be utilized.

## Recent Financings

The Village last offered original issue bonds in April 2003, at which time \$3,100,000 Public Improvement (Serial) Bonds, 2003 were issued. The Bonds bear a true interest rate of 3.95% and serially mature on April 15 of each year through the year 2023. In addition, the Village sold \$1,560,000 refunding bonds at a true interest rate of 2.64% on March 19, 2009 and secured present value savings of \$98,692. These bonds are payable on November 15 of each year through 2015.

## Debt Service Schedule

The following table shows the debt service requirements to maturity for the outstanding bonds of the Village, exclusive of the Bonds.

### **Schedule of Debt Service Requirements**

Fiscal Years Ending May 31:	Principal	Interest	Total	Cumulative % Principal Paid
2018 <sup>(1)</sup>	\$ 375,000	\$ 63,388	\$ 438,388	22.52%
2019	375,000	50,138	425,138	45.05
2020	400,000	34,513	434,513	69.07
2021	175,000	21,669	196,669	79.58
2022	175,000	14,450	189,450	90.09
2023	165,000	7,013	172,013	100.00
<b>Total</b>	<b>\$1,665,000</b>	<b>\$191,171</b>	<b>\$1,856,171</b>	

(1) As of May 16, 2018, the Village has paid \$375,000 principal and \$63,388 interest on serial bonds for the year ending May 31, 2018.

## ECONOMIC AND DEMOGRAPHIC DATA

### *Population*

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2000-2010</u>	<u>2010-2016</u>
Village	8,602	9,347	9,513	8.7%	1.8%
County	923,459	949,113	969,229	2.8	2.1
State	18,976,457	19,378,102	19,697,457	2.1	1.6

Source: U.S. Department of Commerce, Bureau of the Census. 2012-2016 American Community Survey 5-Year Estimates

### *Income*

The following two tables provide comparative income statistics for the Village, County, and State.

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2016</u>	<u>% Change</u>
Village	\$75,753	\$67,979	(10.3)%
County	47,814	49,938	4.4
State	30,948	34,212	10.5

Source: U.S. Department of Commerce, Bureau of the Census (American FactFinder). American Community Survey 5-Year Estimate.

### Median Income of Families 2016

	<u>Median Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Village	\$150,797	7.5%	5.4%	8.4%	10.9%	66.7%
County	110,543	9.4	13.5	12.0	10.4	54.8
State	74,036	15.5	18.6	16.5	13.2	36.3

Source: U.S. Department of Commerce, Bureau of the Census (American FactFinder). American Community Survey 5-Year Estimate.

### *Employment*

The following table provides information about the employed civilian labor force in the County and State. Unemployment rates are presented for the Town, County, State and U.S. Such rates are provided for informational purposes only and are not necessarily representative of the employment conditions in the Village.

	<u>Average Employed Civilian Labor Force</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>2000-2010</u>	<u>2010-2017</u>
Town	20,200	23,400	24,200	15.8%	3.4%
County	445,400	443,500	462,100	(0.4)	4.2
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: New York State Department of Labor.

**Average Unemployment Rates**

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	5.0%	6.3%	7.7%	6.5%
2014	4.1	5.1	6.3	5.4
2015	3.8	4.5	5.3	4.8
2016	3.5	4.3	4.8	4.5
2017	3.7	4.6	4.7	3.9
2018: <sup>(1)</sup>				
Jan	4.6	4.9	5.1	4.5
Feb	4.8	5.2	5.1	4.4
Mar	4.2	4.7	4.8	4.1

(1) Monthly Rates.  
Source: New York State Labor Department.

**Major Private Sector Employers in the County**

<u>Name Of Business</u>	<u>Nature Of Business</u>
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Westchester Medical Center	Hospital and health care services
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and research
Pace University	Private co-educational university
White Plains Hospital	Hospital and health care services
St. John’s Riverside Hospital	Hospital and health care services

Source: The 2016 Comprehensive Annual Financial Report of Westchester County. Info was compiled by the Westchester Business Journal as of April 2017.

***Educational, Cultural and Medical Institutions***

**Education.** There are various colleges and universities located in the County. The State University of New York, Manhattanville College and New York University have campuses in nearby Purchase, Pace University has several locations in the County including its Pleasantville campus and a law school in White Plains. The County operates a two-year community college which maintains an open admissions policy for County residents.

**Cultural.** Library services are provided to the residents of the Village by the Port Chester-Rye Brook Public Library (the “Library”). The Library has a volume of books, periodicals and other materials in excess of 100,000. A variety of other services from informational needs and career counseling to computer instruction may be obtained at the Library. In addition, the Library offers story times, tax assistance, book groups, English as a second language classes, Summer reading programs and homebound service. The Library also provides computers for the public and internet access. In addition, the library offers special programs designed to address various interests within the community. As a member of the Westchester Library System, the Library is able to offer to its users many of the services available from other libraries in the County. The shared Westlynx Technology System allows the residents to access holdings of all of the 38-member public libraries, as well as newspaper, magazines and on-line data bases.

**Medical.** Hospital services are provided to Village residents by Greenwich Hospital and White Plains hospitals as well as the County Medical Center in Valhalla. The County administers a variety of programs to help those in need of medical and dental services. Village residents may avail themselves of such services through the County Health Department.

### ***Financial Institutions***

Customers Bank, JPMorgan Chase, TD Bank, Wells Fargo Bank and The Westchester Bank have branches within the Village limits. Deposits at these locations were \$544 million as of June 30, 2017, according to the Federal Deposit Insurance Corporation.

### ***Transportation***

The Village is serviced by a network of all major forms of transportation. Several primary State and U.S. highways including the New England Thruway (I-95), Cross Westchester Expressway (I-287), and U.S. Route 1 are proximate to the Village. The Metro North commuter railroad provides passenger rail service; freight service is provided by CSX. Air transportation is available at the County Airport, a portion of which is situated in the Village, as well as the three major New York metropolitan airports (Kennedy, LaGuardia and Newark) which lie to the south of the Village and may be reached in less than one hour.

### ***Communications***

The Village is served by the Metropolitan New York newspapers, radio and television stations. In addition, two daily newspapers and two weekly newspapers are circulated in the Village. Cablevision provides cable television and broadband services to the Village.

### ***Utilities***

The residents of the Village receive electric and natural gas services from the Consolidated Edison Company. Verizon provides telephone and communication services in the Village. Water services are provided by a private water company. Sewer collection is a village function while sewage treatment is performed by the County.

### ***Development Activities***

The following table lists certain construction projects recently completed or currently in progress of in the Village.

### ***Housing Data***

	<b>Housing Stock 2000 – 2016</b>				
	Number of Units			% Change	
	2000	2010	2016	2000-10	2010-16
Village	3,224	3,603	3,806	11.8%	5.6%
County	349,445	370,821	370,032	6.1	(0.2)
State	7,679,307	8,108,103	8,171,725	5.6	0.8

Source: U.S. Department of Commerce, Bureau of the Census.

### **Median Housing Values and Rents 2016**

	% Constructed 2010-2016	Median Value(\$) Owner Occupied Units	Median Rents(\$) Renter Occupied Units	Occupancy Status (%)		
				Owner Occupied	Renter Occupied	Vacant
Village	0.0%	\$737,100	\$1,721	70.4%	21.7%	7.9%
County	0.5	506,900	1,364	56.8	35.6	7.6
State	0.8	283,400	1,132	47.7	41.2	11.1

Source: U.S. Department of Commerce, Bureau of the Census.

**END OF APPENDIX A**



**APPENDIX B**

**UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS**

**THIS PAGE INTENTIONALLY LEFT BLANK**

VILLAGE OF RYE BROOK  
BALANCE SHEET  
GENERAL FUND  
AS OF MAY 31:  
UNAUDITED PRESENTATION

AS OF MAY 31:

	2013	2014	2015	2016	2017
<b>ASSETS</b>					
Cash and Equivalents	\$ 6,451,256	\$ 8,486,759	\$ 7,644,591	\$ 9,537,085	\$ 7,338,625
Investments	121,162	181,227	211,323	211,323	0
Taxes Receivable	70,174	64,404	65,836	51,186	263,314
Other Receivables:					
Accounts	326,137	288,357	278,981	278,730	320,294
State and Federal Aid	433,378	5,637	9,515	0	0
Due From Governments	432,272	476,758	494,078	479,400	512,522
Due From Other Funds	8,028	8,028	8,028	0	756,258
Prepaid Expenditures	334,309	325,350	353,702	33,481	0
	<u>\$ 8,176,716</u>	<u>\$ 9,836,520</u>	<u>\$ 9,066,054</u>	<u>\$ 10,591,205</u>	<u>\$ 9,191,013</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 197,587	\$ 287,664	\$ 187,928	\$ 407,535	\$ 468,148
Accrued Liabilities	256,204	216,418	259,013	274,654	66,170
Deposits and Other Liabilities	5,265	5,115	4,590	4,590	7,741
Due to Retirement System	262,528	227,214	232,792	222,911	292,234
Due to Other Funds	660,246	2,024,450	1,116,771	2,018,543	118,914
Deferred Revenues	110,302	404,514	579,099	0	0
Unearned Revenues	0	0	0	0	108,399
	<u>1,492,132</u>	<u>3,165,375</u>	<u>2,380,193</u>	<u>2,928,233</u>	<u>1,061,606</u>
Fund Balance:					
Nonspendable	334,309	325,350	353,702	33,481	0
Restricted	800,288	805,585	809,613	814,694	839,248
Assigned	1,313,751	1,407,344	1,084,827	1,479,391	1,141,787
Unassigned	4,236,236	4,132,866	4,437,719	5,335,406	6,148,372
	<u>6,684,584</u>	<u>6,671,145</u>	<u>6,685,861</u>	<u>7,662,972</u>	<u>8,129,407</u>
<b>Total Liabilities and Equity Balance</b>	<u>\$ 8,176,716</u>	<u>\$ 9,836,520</u>	<u>\$ 9,066,054</u>	<u>\$ 10,591,205</u>	<u>\$ 9,191,013</u>

The financial data presented on this page has been excerpted from the audited financial statements of the Village. Such presentation, however, has not been audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF RYE BROOK  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FISCAL YEAR ENDED MAY 31:  
UNAUDITED PRESENTATION

FISCAL YEAR ENDED MAY 31:

	2013	2014	2015	2016	2017
<b>REVENUES:</b>					
Real Property Taxes	\$ 13,198,242	\$ 13,442,341	\$ 13,987,981	\$ 14,534,433	\$ 14,768,923
Other Tax Items	930,643	963,290	313,743	10,434	17,159
Non-Property Taxes	2,480,584	2,248,717	2,398,878	3,226,976	2,626,620
Departmental Income	1,012,230	1,323,797	1,442,126	1,265,769	1,674,776
Intergovernmental Charges	154,311	242,198	231,176	198,055	230,457
Use Of Money And Property	17,902	13,595	26,995	26,046	20,354
Fines and Forfeitures	29,993	38,910	31,920	38,245	49,475
Sale Of Property And Compensation For Loss	917	945	0	0	39,999
State Aid	379,770	459,193	445,305	521,100	511,968
Federal Aid	453,451	0	0	0	0
Miscellaneous	18,491	14,800	15,067	90,748	26,920
<b>Total Revenues</b>	<b>18,676,534</b>	<b>18,747,786</b>	<b>18,893,191</b>	<b>19,911,806</b>	<b>19,966,651</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	2,418,043	2,539,983	2,391,763	2,565,543	3,039,861
Public Safety	5,518,878	5,612,976	5,767,062	5,765,787	5,744,758
Health	198,842	198,842	198,842	198,842	215,412
Transportation	1,198,303	1,255,811	1,190,673	1,151,634	1,188,158
Economic Opportunity and Development	256,917	281,076	271,602	296,819	304,216
Culture And Recreation	1,613,538	1,656,313	1,552,894	1,600,799	1,532,539
Home And Community Services	1,248,087	1,155,761	1,073,745	963,676	1,084,731
Employee Benefits	3,965,253	4,351,092	4,341,141	4,319,502	4,503,154
Debt Service	887,542	830,129	754,009	758,230	485,454
<b>Total Expenditures</b>	<b>17,305,403</b>	<b>17,881,983</b>	<b>17,541,731</b>	<b>17,620,832</b>	<b>18,098,283</b>
Excess of Revenues Over Expenditures	1,371,131	865,803	1,351,460	2,290,974	1,868,368
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance Recoveries	112,826	95,758	95,022	56,757	114,543
Operating Transfers - In	906,211	0	0	0	765,299
Operating Transfers - Out	(995,250)	(975,000)	(1,431,766)	(1,370,620)	(2,281,775)
<b>Total Other Financing Sources (Uses)</b>	<b>23,787</b>	<b>(879,242)</b>	<b>(1,336,744)</b>	<b>(1,313,863)</b>	<b>(1,401,933)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,394,918	(13,439)	14,716	977,111	466,435
Fund Balances - Beginning of Year	5,289,666	6,684,584	6,671,145	6,685,861	7,662,972
<b>Fund Balances - End of Year</b>	<b>\$ 6,684,584</b>	<b>\$ 6,671,145</b>	<b>\$ 6,685,861</b>	<b>\$ 7,662,972</b>	<b>\$ 8,129,407</b>

The financial data presented on this page has been excerpted from the audited financial statements of the Village. Such presentation, however, has not been audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF RYE BROOK  
FINAL ADOPTED GENERAL FUND BUDGETS

Fiscal Year Ending  
May 31:

	2018 General Fund	2019 General Fund
<b>ESTIMATED REVENUES:</b>		
Real Property Taxes	\$ 15,169,640	\$ 16,300,275
Other Tax Items	10,000	10,000
Non-Property Tax Items	2,492,000	2,535,000
Departmental Income	667,625	731,900
Intergovernmental Charges	84,500	74,000
Use Of Money and Property	155,458	151,276
Licenses And Permits	702,700	776,230
Fines and Forfeitures	45,000	45,000
Sale Of Property and Compensation For Loss	45,000	37,500
State Aid	455,208	423,232
Miscellaneous	6,000	0
	<u>19,833,131</u>	<u>21,084,413</u>
<b>APPROPRIATIONS:</b>		
Current:		
General Government Support	2,960,759	2,936,540
Public Safety	6,238,986	6,190,115
Public Health	198,842	200,500
Transportation	1,288,380	1,221,307
Economic Development and Opportunity	310,025	325,256
Culture and Recreation	1,678,601	1,675,065
Home and Community Services	1,120,148	1,198,050
Employee Benefits	4,744,164	4,998,240
Debt Service	1,293,226	3,930,148
	<u>19,833,131</u>	<u>22,675,221</u>
Total Appropriations		
	<u>19,833,131</u>	<u>22,675,221</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>(1,590,808)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Bond Revenues	0	1,523,808
Operating Transfers - In	0	0
Operating Transfers - Out	(978,500) (1)	(682,000) (2)
	<u>(978,500)</u>	<u>841,808</u>
Total Other Financing Sources (Uses)		
	<u>(978,500)</u>	<u>841,808</u>
<b>Appropriation of Fund Balance or Reserves</b>	<u>\$ 978,500</u>	<u>\$ 749,000</u>

(1) Represents interfund transfers of \$978,500 to the Capital Fund.

(2) Represents interfund transfers of \$682,000 to the Capital Fund.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**APPENDIX C**

**LINK TO  
INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED  
MAY 31, 2017**

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

<https://emma.msrb.org/ES1235344.pdf>

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

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



**APPENDIX D**

**FORMS OF LEGAL OPINIONS**

**THIS PAGE INTENTIONALLY LEFT BLANK**

APPENDIX D  
FORM OF OPINION

June 19, 2018

Village of Rye Brook,  
County of Westchester  
State of New York

Re: Village of Rye Brook, Westchester County, New York  
\$14,250,000 Public Improvement (Serial) Bonds, 2018 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$14,250,000 Public Improvement (Serial) Bonds, 2018 Series A (the "Obligation"), of the Village of Rye Brook, Westchester County, New York (the "Obligor"), dated June 19, 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 resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the 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 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 of the State of New York, 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 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,

APPENDIX D  
FORM OF OPINION

June 19, 2018

Village of Rye Brook,  
County of Westchester  
State of New York

Re: Village of Rye Brook, Westchester County, New York  
\$1,533,000 Tax Certiorari (Serial) Bonds, 2018 Series B (Federally Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,533,000 Tax Certiorari (Serial) Bonds, 2018 Series B (Federally Taxable) (the "Obligation"), of the Village of Rye Brook, Westchester County, New York (the "Obligor"), dated June 19, 2018.

We have examined such portions of the Constitution and Statutes of the State of New York as we deemed relevant. 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 officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) 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 of the State of New York, 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) 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.

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,

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**THIS PAGE INTENTIONALLY LEFT BLANK**



## EXHIBIT F

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

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

“*Bonds*” means the Issuer’s \$14,250,000 Public Improvement (Serial) Bonds, 2018 Series A and \$1,533,000 Tax Certiorari (Serial) Bonds, 2018 Series B, dated June 19, 2018.

“*Issuer*” means the Village of Rye Brook, 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 Continuing Disclosure Undertaking.

**B. Annual Reports.** The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated June 7, 2018 in **Appendix A**, under the headings “**THE VILLAGE**”, “**FINANCIAL FACTORS**”, “**REAL PROPERTY TAXES**”, and “**VILLAGE INDEBTEDNESS**”, and in **Appendices B and C**, and (2) if not provided as part such financial information and operating data, financial statements of the Issuer, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be provided pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

**C. Event Notices.** The Issuer shall provide notice of any of the following events with respect to the Bonds 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 Bonds, or other material events affecting the tax status of the Bonds;*
- (7) *Modifications to rights of holders of the Bonds, if material;*
- (8) *Bond calls, if material, and tender offers;*
- (9) *Defeasances;*
- (10) *Release, substitution, or sale of property securing repayment of the Bonds, 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 financial information or operating data in accordance with this Undertaking by the time required by this Undertaking.

**D. *Filings with the MSRB.*** All financial information, operating data, financial statements, 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.

**E. *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 remain an “obligated person” with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, 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 financial information, operating data, financial statements, and 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 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND 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 Bonds.

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 Bonds in the primary offering of the Bonds 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 Bonds 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 Bonds. 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 Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this 19<sup>th</sup> day of June, 2018.

---

Patricia Lepre  
Treasurer and Chief Fiscal Officer

**THIS PAGE INTENTIONALLY LEFT BLANK**