

NEW ISSUE

Moody's: Aa1
Standard & Poor's: AA+
Fitch: AA+
(See "Ratings" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County with respect to the Series A Bonds and the Series B Bonds, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018, (iii) interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code, and (iv) interest on the Series A Bonds and the Series B Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers. See "TAX MATTERS-SERIES A BONDS" AND "TAX MATTERS-SERIES B BONDS" herein.

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel to the County with respect to the Series C Bonds, assuming continuous compliance with certain covenants described herein, interest on the Series C Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Series C Bonds will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel for the Series C Bonds, under existing law interest on the Series C 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-SERIES C BONDS" herein for a description of the opinion of Bond Counsel for the Series C Bonds and certain other tax consequences.



\$182,155,000

COUNTY OF WESTCHESTER, NEW YORK

\$163,715,000 GENERAL OBLIGATION BONDS-2018 SERIES A (TAX-EXEMPT) (the "Series A Bonds")
\$8,630,000 GENERAL OBLIGATION BONDS-2018 SERIES B (FEDERALLY TAXABLE) (the "Series B Bonds")
\$9,810,000 GENERAL OBLIGATION BONDS-2018 SERIES C (TAX-EXEMPT) (the "Series C Bonds")

Dated: Date of Delivery

Due: As shown herein

The Bonds will be issued by the County of Westchester, New York (the "County") in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest on the Bonds will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, respectively, as described herein.

Interest on the Series A Bonds and the Series C Bonds will be payable on December 1, 2019, and semiannually thereafter on June 1 and December 1 in each year until maturity or prior redemption. Interest on the Series B Bonds will be payable on November 1, 2019, and semiannually thereafter on May 1 and November 1 in each year until maturity or prior redemption.

The Series A Bonds and the Series C Bonds maturing on or after December 1, 2027, will be subject to redemption prior to maturity, at the option of the County, as described herein. The Series B Bonds maturing on or after November 1, 2027, will be subject to redemption prior to maturity, at the option of the County, as described herein. (See "*THE BONDS-Optional Redemption*" herein).

FOR A DESCRIPTION OF THE COUNTY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING FOR THE BONDS" HEREIN.

The Series A Bonds and the Series B Bonds are offered subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County with respect to the Series A Bonds and the Series B Bonds and certain other conditions. The Series C Bonds are offered subject to the receipt of the final approving opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel to the County with respect to the Series C Bonds, and certain other conditions. Capital Markets Advisors, LLC serves as independent Municipal Advisor to the County. It is expected that delivery of the Bonds, in definitive form, will be made on or about December 10, 2018, in New York, New York.

Dated: November 29, 2018

\$163,715,000 GENERAL OBLIGATION BONDS-2018 SERIES A (TAX-EXEMPT)

Mesirow Financial, Inc.
Dated: Date of Delivery

Principal Due: December 1 as shown below
Interest Due: December 1, 2019, and semiannually thereafter on June 1 and December 1 in each year until maturity

Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾	Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾
2019	\$ 3,290,000	5.00%	103.108	95736U 4K7	2025	\$16,335,000	5.00%	117.730	95736U 4R2
2020	12,800,000	5.00	106.060	95736U 4L5	2026	17,155,000	5.00	119.409	95736U 4S0
2021	13,440,000	5.00	108.803	95736U 4M3	2027	18,005,000	4.00	111.166	95736U 4T8
2022	14,110,000	5.00	111.367	95736U 4N1	2028	18,730,000	4.00	110.175	95736U 4U5
2023	14,815,000	5.00	113.681	95736U 4P6	2029	19,480,000	4.00	109.270	95736U 4V3
2024	15,555,000	5.00	115.778	95736U 4Q4					

\$8,630,000 GENERAL OBLIGATION BONDS-2018 SERIES B (FEDERALLY TAXABLE)

Sun Trust Robinson Humphrey
Dated: Date of Delivery

Principal Due: November 1 as shown below
Interest Due: November 1, 2019, and semiannually thereafter on May 1 and November 1 in each year until maturity

Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾	Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾
2019	\$ 455,000	4.00%	101.047	95736U 4W1	2026	\$ 695,000	4.00%	104.119	95736U 5D2
2020	545,000	4.00	101.915	95736U 4X9	2027	720,000	3.50	100.000	95736U 5E0
2021	565,000	4.00	102.747	95736U 4Y7	2028	745,000	3.50	99.171	95736U 5F7
2022	590,000	4.00	103.273	95736U 4Z4	2029	765,000	3-5/8	99.329	95736U 5G5
2023	615,000	4.00	103.593	95736U 5A8	2030	800,000	4.00	101.691	95736U 5H3
2024	640,000	4.00	103.989	95736U 5B6	2031	830,000	4.00	101.009	95736U 5J9
2025	665,000	4.00	104.280	95736U 5C4					

\$9,810,000 GENERAL OBLIGATION BONDS-2018 SERIES C (TAX-EXEMPT)

Raymond James & Associates
Dated: Date of Delivery

Principal Due: December 1 as shown below
Interest Due: December 1, 2019, and semiannually thereafter on June 1 and December 1 in each year until maturity

Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾	Maturity	Amount	Interest Rate	Yield or Price	CUSIP ⁽¹⁾
2019	\$ 215,000	5.00%	103.098	95736U 5K6	2028	\$ 575,000	4.00%	109.496	95736U 5U4
2020	390,000	5.00	106.040	95736U 5L4	2029	595,000	3.00	100.352	95736U 5V2
2021	410,000	5.00	108.773	95736U 5M2	2030	610,000	3.00	99.799	95736U 5W0
2022	425,000	5.00	111.326	95736U 5N0	2031	630,000	3.00	98.621	95736U 5X8
2023	450,000	5.00	113.681	95736U 5P5	2032	655,000	3-1/8	98.826	95736U 5Y6
2024	470,000	5.00	115.778	95736U 5Q3	2033	675,000	3.25	99.062	95736U 5Z3
2025	495,000	5.00	117.659	95736U 5R1	2034	690,000	3.25	98.162	95736U 6A7
2026	520,000	5.00	119.329	95736U 5S9	2035	715,000	3.25	97.069	95736U 6B5
2027	550,000	5.00	118.609	95736U 5T7	2036	740,000	3-3/8	97.949	95736U 6C3

⁽¹⁾ CUSIP numbers have been assigned by an organization not affiliated with the County and are included solely for the convenience of the holders of the Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above.

WESTCHESTER COUNTY, NEW YORK

OFFICIAL ROSTER

County Executive

George Latimer

COUNTY BOARD OF LEGISLATORS

Benjamin Boykin, *Board Chair*
Alfreda A. Williams, *Board Vice Chair*

Nancy E. Barr	Damon R. Maher
Catherine Borgia	Catherine Parker
Benjamin Boykin	Virginia Perez
Gordon A. Burrows	MaryJane Shimsky
Terry Clements	John G. Testa
Kitley S. Covill	David Tubiolo
Margaret A. Cunzio	Alfreda A. Williams
Michael B. Kaplowitz	Lyndon Williams
Christopher A. Johnson	

APPOINTED OFFICIALS

Kenneth W. Jenkins, *Deputy County Executive*
Ann Marie Berg, *Commissioner of Finance*
John M. Nonna, *County Attorney*
Lawrence C. Soule, *Budget Director*

SPECIAL SERVICES

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

Norton Rose Fulbright US LLP
New York, New York

AUDITORS

PKF O'Connor Davies, LLP

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC

No dealer, broker, salesman or other person has been authorized by the County of Westchester, New York, or any officer thereof, to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the County of Westchester, New York, from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County of Westchester, New York, since the date hereof. The purchaser(s) may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the Cover Page hereof. The offering prices may be changed from time to time by the purchaser(s). No representations are made or implied by the County as to any offering by the purchaser(s).

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The County disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the County’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

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DISCLOSURE UNDERTAKING FOR THE BONDS

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Bonds, the County will execute an Undertaking to Provide Continuing Disclosure for the Bonds, the form of which is attached hereto as Appendix H.

Compliance History

In addition to its continuing disclosure agreements with respect to County bonds, the County is a party to Continuing Disclosure Agreements with respect to bonds that were issued by the Dormitory Authority of the State of New York (“DASNY”) for the benefit of the County. Pursuant to those agreements, the County undertook to provide certain specified annual financial information regarding (i) certain incentive and other aid paid to the County by the State and (ii) County specific information. The County-specific information was otherwise filed by the County in connection with those continuing disclosure agreements that related to the County’s own bonds, although the filed information had not been linked to the DASNY bonds. The information regarding the State aid had not been filed. The County in December 2016 filed all the information required under such DASNY agreements.

On February 5, 2018 and August 27, 2018 the County filed event notices and linked DASNY CUSIPs to its audited financial statements for fiscal years ended December 31, 2016 and December 31, 2017 with such CUSIPs related to the following bond issues: DASNY’s Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 1998; DASNY’s Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006A; DASNY’s Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006B; and DASNY’s Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016. The County has implemented procedures that are intended to ensure that such information will be filed in a timely manner.

OFFICIAL STATEMENT

of the

COUNTY OF WESTCHESTER, NEW YORK

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents information relating to the County of Westchester, in the State of New York (the “County” and “State,” respectively) and was prepared by the County in connection with the sale of its \$163,715,000 General Obligation Bonds-2018 Series A (Tax-Exempt) (the “Series A Bonds”), \$8,630,000 General Obligation Bonds-2018 Series B (Federally Taxable) (the “Series B Bonds”), \$9,810,000 General Obligation Bonds-2018 Series C (Tax-Exempt) (the “Series C Bonds”, along with the Series A Bonds and the Series B Bonds, the “Bonds”).

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

THE BONDS

Purpose of Issue – Series A Bonds

A portion of the proceeds of the Series A Bonds (inclusive of par amount of bonds and premium) in the amount of \$51,329,432, along with \$3,984,650 in County funds available therefore, will be used to redeem portions of bond anticipation notes of the County in the aggregate amount of \$55,314,082 which were issued to finance the cost or part of the cost of the purposes set forth below. The \$132,235,568 balance of the proceeds of the Series A Bonds (inclusive of par amount of bonds and premium) will be issued to finance the cost or part of the cost of the purposes set forth below.

<u>Amount</u>	<u>Project</u>
\$ 38,385,910	Transit bus system related items
30,442,158	Renovation, reconstruction, upgrades to various County buildings and Properties
25,532,996	Improvements to various parks, golf courses and recreational facilities
23,927,497	Fair and Affordable Housing
21,584,252	Rehabilitate, reconstruct or recondition County Roads and Bridges
19,332,915	Information Technology
7,885,530	Tax Certiorari
4,586,169	Vehicles
4,237,572	Westchester Community College - various improvements and renovations
4,001,727	New Home Land Acquisition
2,623,312	Various Equipment
1,024,962	Flood Mitigation and related
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<u>\$183,565,000</u>	

Purpose of Issue – Series B Bonds

A portion of the proceeds of the Series B Bonds (inclusive of par amount of bonds and premium) in the amount of \$7,191,719, along with \$558,281 in County funds available therefore, will be used to redeem portions of bond anticipation notes of the County in the aggregate amount of \$7,750,000 which were issued to finance the cost or part of the cost of the purposes set forth below. The \$1,543,281 balance of the proceeds of the Series B Bonds (inclusive of par amount of bonds and premium) will be issued to finance the cost or part of the cost of the purposes set forth below.

<u>Amount</u>	<u>Project</u>
\$ 4,721,575	Rye Playland
3,830,114	Airport
102,076	Record Center Rehabilitation
81,235	Various capital
<hr/>	
\$8,735,000	

Purpose of Issue - Series C Bonds

A portion of the proceeds of the Series C Bonds (inclusive of par amount of bonds and premium) in the amount of \$5,888,785, along with \$457,133 in County funds available therefore, will be used to redeem a portion of a bond anticipation note of the County in the amount of \$6,345,918 which was issued to finance the cost or part of the cost of various capital improvements as set forth below. The \$4,366,215 balance of the proceeds of the Series C Bonds (inclusive of par amount of bonds and premium) will be issued to finance the cost or part of the cost of various capital improvements as set forth below.

<u>Amount</u>	<u>Project</u>
<u>\$10,255,000</u>	Various capital improvements including construction, renovation, upgrades, modifications and improvements to various Sewer District treatment plants and facilities and Water District facilities

Description of the Bonds

The Bonds are dated as of their date of delivery, and will mature in the principal amounts on December 1 for the Series A Bonds and the Series C Bonds and November 1 for the Series B Bonds, in each of the years and will bear interest at the interest rates as set forth on the inside cover page hereof. The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds.

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

Interest on the Series A Bonds and the Series C Bonds will be payable on December 1, 2019, and semiannually thereafter on June 1 and December 1 in each year until maturity or prior redemption. Interest on the Series B Bonds will be payable on November 1, 2019, and semiannually thereafter on May 1 and November 1 in each year until maturity or prior redemption. Principal of and interest on the Bonds will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the County referred to therein.

Optional Redemption for the Bonds

The Series A Bonds and the Series C Bonds maturing on or before December 1, 2026, are not subject to redemption prior to maturity. The Series A Bonds and the Series C Bonds maturing on or after December 1, 2027, will be subject to redemption prior to maturity, at the option of the County, on any date on or after December 1, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Series A Bonds and the Series C Bonds to be redeemed, plus accrued interest to the date of redemption.

The Series B Bonds maturing on or before November 1, 2026, are not subject to redemption prior to maturity. The Series B Bonds maturing on or after November 1, 2027, will be subject to redemption prior to maturity, at the option of the County, on any date on or after November 1, 2026, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Series B Bonds to be redeemed, plus accrued interest to the date of redemption.

The County may select the maturities of the Bonds to be redeemed prior to maturity and the amount to be redeemed of each maturity selected, as the County shall determine to be in the best interest of the County at the time of such redemption. If less than all of the Bonds of any maturity are called for prior redemption, such Bonds will be selected for redemption, in accordance with DTC procedures, by lot. Notice of such call for redemption shall be given by mailing such notice to the registered owner not more than sixty (60) 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 of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Nature of Obligation

The Bonds, when duly issued and paid for, will each constitute a contract between the County and the holders thereof.

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

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the County to levy taxes on real property therefor after the Bonds have been issued. However, the Tax Levy Limit Law presently imposes a statutory limitation on the County’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein.

The Bonds are issued pursuant to applicable provisions of the Local Finance Law of the State of New York, the County Charter and certain acts and proceedings of the County Board of Legislators adopted on their respective dates and thereafter approved by the County Executive. (See “COUNTY INDEBTEDNESS” for additional information).

BOOK ENTRY ONLY SYSTEM

The Bonds will be issued in registered book-entry form. DTC will act as securities depository for the Bonds and the Bonds and the Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co., (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Bond or Note of an issue bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from The County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed

by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or The County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of The County, 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 County. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER OR NOTEHOLDER.

THE COUNTY OF WESTCHESTER

There follows in this Official Statement a brief description of the County, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures of the General and Special Revenue funds.

General Information

Westchester County, incorporated in 1683, is a suburban county located in the northern sector of the New York City metropolitan area. It is bordered on the south by New York City, on the east by the State of Connecticut and Long Island Sound, on the north by Putnam County and on the west by the Hudson River. The County had a 2017 Federal census estimated population of 980,244 and has an area of 450 square miles.

The County has a large and varied economic base containing many corporate headquarters, research facilities, manufacturing firms and well developed trade and service sectors. Approximately thirty-five percent of employed County residents commute to work outside the County, primarily to New York City.

Population Characteristics

The 2010 Federal census recorded that the County had experienced a 2.7% population increase since the last completed census in 2000.

TABLE 1

Population (in thousands)

<u>Year</u>	<u>Westchester</u>	<u>New York City</u>	<u>New York State</u>	<u>United States</u>
1960	809	7,782	16,782	179,323
1970	894	7,895	18,237	203,212
1980	867	7,072	17,558	226,546
1990	875	7,323	17,990	248,710
2000	923	8,008	18,976	283,868
2010	950	8,175	19,378	308,746
2017	980	8,622	19,849	325,719

Source: United States Department of Commerce, Bureau of the Census as of most recent adjustment.

The most recent Bureau of the Census estimate of the County's population in 2017 is 980,244.

The County's 48 municipalities vary greatly in population size. Four cities: Yonkers, New Rochelle, Mount Vernon and White Plains (the County seat), contain over 42% of Westchester's population. The southern portion of the County, with about 7,940 people per square mile, is almost 10 times more densely populated than the northern area, which has about 825 people per square mile. Within the metropolitan area, Westchester's overall population density in 2017 of 2,178 people per square mile is much lower than is that of the central parts of the region and much higher than that of the more outlying exurban areas. Westchester is approximately eight percent as densely populated as New York City (27,013 per square mile) and less than one-half as densely populated as Nassau County (4,705 per square mile). However, it is more densely populated than Rockland County (1,796 per square mile), Suffolk County (1,637 per square mile), Putnam County (433 per square mile) or Dutchess County (374 per square mile).

Personal Income

Total personal income of Westchester residents was \$91.7 billion in 2016. The County's 2016 per capita personal income is among the highest in the nation. As reported by the U.S. Department of Commerce, Bureau of Economic Analysis, Westchester County's per capita personal income of \$94,140 in 2016 placed it in the top 1% among the 3,113 counties nationwide. Among the 62 counties of New York State, Westchester ranked second in per capita personal income only to New York County (Manhattan). In addition, Westchester County's 2016 per capita personal income of \$94,140 compared favorably to New York State and the U.S., which were \$59,563 and \$58,560, respectively.

Economy

From 2008 through 2017 (most recent year available), employment in the County has for the most part stabilized along with the County population. From 2008 through 2017 the County's rate of unemployment has been consistently lower than the State and national rates as shown in Table 2.

TABLE 2

Employment and Unemployment, 2008-2017
(Employment figures in thousands)

	Westchester ^(a)		New York State		United States	
	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate
2008	495.8	4.8%	9,665	5.4%	145,362	5.8%
2009	487.6	7.1	9,648	8.3	154,142	9.3
2010	478.7	7.4	9,595	8.6	153,889	9.6
2011	473.5	7.1	9,517	8.3	141,637	8.9
2012	477.5	7.3	9,612	8.5	142,469	8.1
2013	476.3	6.3	9,623	7.7	143,929	7.4
2014	473.2	5.1	9,571	6.3	147,442	5.6
2015	479.9	4.5	9,591	5.3	151,030	5.0
2016	479.4	4.3	9,585	4.8	145,325	4.7
2017	462.1	4.6	9,704	4.7	154,021	4.1

Sources: New York State Department of Labor and United States Labor Department, Bureau of Labor Statistics. Annual Averages.

^(a) Statistical data represents employment of the County's residents employed either within the County or outside the County.

TABLE 3

Non-Farm Average Employment in Westchester/Rockland/Orange Counties*
2013 – 2017
(Figures in thousands)

	Total Non-Farm	Services	Trade Transportation and Utilities	Education & Health Services	Government	Finance, Insurance & Real Estate	Manufacturing	Construction/ Mining/	Other
2013	652.7	146.4	136.2	128.3	102.9	47.6	30.4	31.9	29.0
2014	663.1	151.2	138.0	129.7	102.9	47.5	29.6	34.7	29.5
2015	674.4	153.5	139.5	134.9	102.4	47.4	29.6	37.4	29.7
2016	682.5	156.5	138.1	139.1	103.3	46.9	29.2	38.7	30.6
2017	690.7	159.4	138.5	143.5	103.9	47.3	28.6	40.2	29.2

Source: New York State Department of Labor.

Annual Averages

* For purposes of these statistics, the New York State Department of Labor has combined these counties as a "Metropolitan Statistical Area."

Approximately 96 percent of the wage and salary jobs in the metropolitan statistical area which includes Westchester County in 2017 were with firms whose major activity was other than manufacturing. During the period 2013-2017, employment in the Education & Health Services sector showed an approximate 11 percent increase. There were a total of approximately 462,000 County residents employed in 2017. Approximately 28 percent of the County's professional, technical and managerial workers travel to work in New York City and are among the approximately 35 percent of County residents working outside the County.

Current overall commercial vacancy rates in the County are approximately 19%. However, a large portion of the vacancies exist in Northern Westchester County due to the relocation of employees of PepsiCo and IBM into other space in Westchester County. Therefore the "real" vacancy rate is 15%. Westchester County rents are competitive, and significantly less than commercial rents in New York City (averaging approximately \$26 per square foot vs. approximately \$85 per square foot). These facts continue to be a major economic development

attraction for the County. As such, the professional services sector has increased jobs in 2018 in part by filling these vacant spaces.

There has been a continued effort in the repurposing of Class A office space in Westchester County, particularly along the I-287 corridor. The Health Care sector in Westchester County continues to grow. The expansion of the Health Care sector is led by a number of major initiatives, including Westchester Medical Center’s new \$230 million Ambulatory Care Pavilion and Regeneron’s purchase of its headquarters plus 100 acres of vacant land. The Westchester Medical Center development will include over 40 patient rooms, a 15,000 square foot imaging center and a 10,000 square foot ambulatory center.

Other major initiatives include the Westchester Bioscience and Technology Center, a potential three-million square foot, mixed-use biotech center, hotel and Science Center on the County’s vacant property adjacent to the Westchester Medical Center in Valhalla. The proposed development would include up to \$1.2 billion in private sector investments.

Retail highlights include:

- Shopping attractions in the County include Ridge Hill, The Westchester Mall, Rivertowns, New Roc City, the Galleria at White Plains, Jefferson Valley Mall and the Cross County Mall.
- Major department stores in the County include Bloomingdale’s, Kohl’s, Lord & Taylor, Macy’s, Neiman Marcus, Nordstrom, Sears and Target.

Other development highlights include:

- New York Medical College’s opening of the Touro College of Dental Medicine, in Valhalla, the first new dental school in the region in 50 years
- A planned STEM high school for 1,800 students located at the former IBM campus in Somers
- In the City of White Plains a total of 700 multi-family units are currently under construction, and nearing completion is a 160-bed nursing and rehabilitation facility.
- Long-term investments in mixed-use developments throughout Westchester County

These developments will continue to support employment, creating a significant number of permanent jobs and providing additional revenues to the County and its municipalities.

TABLE 4

Major Employers (Non-Municipal) in Westchester County

<u>Firms</u>	<u>Business Activity</u>
IBM Corp.	Computer hardware and software
PepsiCo Inc.	Soft drinks and snack foods
Consolidated Edison Inc.	Utility Services
Westchester Medical Center	Hospital and healthcare services
MasterCard	Credit card services
ITT Corp.	Water and fluid management
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
New York Medical College	Medical college and Research
White Plains Hospital	Acute health care, preventive medical care
New York-Presbyterian	Hospital and health care services

*Source: Westchester Business Journal as of April 2018.

Transportation

The County has three commuter train lines providing service into Manhattan. Approximately three-quarters of the County’s population live within a 40-minute ride of Grand Central Terminal. Freight service is provided on some rail lines. The Metropolitan Transportation Authority (MTA) has made investments in new

rolling stock and improved station facilities for the County's three commuter lines and is implementing a program to expand parking facilities at various stations on all three lines.

The County is served by the New York State Thruway, three interstate highways (I-95, I-287, and I-684), and a network of scenic parkways dating back to the 1920s. The parkway system includes the Bronx River Parkway, Saw Mill River Parkway, Hutchinson River Parkway, Sprain Brook Parkway, Cross County Parkway and Taconic State Parkway.

All parkways are owned and operated by the New York State Department of Transportation with the exception of the Bronx River Parkway, which is owned and patrolled by the County. Pursuant to an agreement with the State, the County patrols the Saw Mill, Hutchinson River and Cross County Parkways and is reimbursed by the State for a portion of those patrol costs.

The County is served by the Bee-Line Transit System which is administered by the County Department of Public Works and Transportation and several private bus companies. The County provides operating assistance to the companies under contract and obtains State and Federal aid for acquisition of new buses and other capital improvements in bus transportation. The Bee-Line Transit System operates over 900 route miles and carries over 28 million passengers annually.

The Westchester County Airport is owned by the County and is operated by a management company under contract. As of January 1, 2009, AFCO AvPorts Management, LLC took over as the management company at the Airport, which was previously managed by Macquarie Aviation North America 2, Inc. The Airport is located close to the intersection of three interstate highways. The Airport provides direct commercial service to Atlanta; Charlotte; Chicago O'Hare; Detroit; Fort Lauderdale; Fort Myers; Orlando; Tampa; West Palm Beach; Washington D.C. Ronald Reagan. The Airport also houses numerous corporate and privately owned aircraft.

Utility Services

Wastewater Services

The County, through its Department of Environmental Facilities, operates a wastewater collection and treatment system consisting of seven water resource recovery facilities, 42 pumping stations, and 194 miles of trunk sewers serving 13 County Sanitary Sewer Districts.

On December 9, 2008, the Westchester County Board of Legislators (the "Board") by Act No. 240-2008, authorized the County to enter into a new Order on Consent (the "2008 Consent Order") with the State of New York Department of Environmental Conservation ("NYSDEC"), which was fully executed on December 30, 2008. The 2008 Consent Order is in place of and in order to adjust the County's obligations under a prior Order on Consent, which was entered into on December 24, 2004 ("2004 Consent Order"). The 2004 Consent Order was executed in settlement of the administrative claims of the NYSDEC relating to, among other things, the County's anticipated noncompliance with state and federally mandated nitrogen removal standards to be imposed in the State Pollutant Discharge Elimination System ("SPDES") permits for the four County-owned water resource recovery facilities ("WRRFs") which discharge into the Long Island Sound ("LIS"), namely: (1) the New Rochelle WRRF; (2) the Mamaroneck Valley WRRF; (3) the Blind Brook WRRF; and (4) the Port Chester WRRF. The 2004 Consent Order was the result of a multi-year study of nitrogen-based pollution in the Long Island Sound, known as the Long Island Sound Study ("LISS") which began in 1985, and the subsequent agreement of the United States Environmental Protection Agency ("USEPA"), and the States of New York and Connecticut to impose mandatory nitrogen reductions on all municipal WRRFs which discharge into the Long Island Sound and require them to reduce nitrogen discharges. The 2008 Consent Order requires improvements be undertaken at only two of the four LIS WRRFs, namely the Mamaroneck Valley and New Rochelle WRRFs (the "BNR Project") to meet nitrogen discharge standards set forth in the NYSDEC-issued SPDES permits for all four Long Island Sound WRRFs, in the aggregate, by 2017. This substantially reduces the overall cost of compliance, because it is more efficient to reduce aggregate nitrogen discharges by making more comprehensive improvements at the two selected WRRFs, which are also the two largest facilities in the County that discharge to the LIS than it would be to achieve the same reductions by making improvements at all four WRRFs. It further requires the equitable apportionment of all the costs associated with the BNR Project among the four (4) Long Island Sound Sanitary Sewer Districts ("SSDs"), namely: (1) the New Rochelle SSD; (2) the Mamaroneck Valley SSD; (3) the Blind Brook SSD; and (4) the Port Chester

SSD, as the Board has determined that all of the properties in the four LIS SSDs are benefited thereby. This had a substantial financial impact on those SSDs. The 2008 Consent Order extended the date for compliance from 2014 to 2017. It should be noted that, during construction to upgrade the Mamaroneck Valley WRRF (the “Plant”) there were unintended releases of plastic media disks from the Plant into the Long Island Sound, which constituted violations of Environmental Conservation Law Section 17-0803. As a consequence of the violations, and subsequent work to prevent future occurrences, the Plant suffered setbacks with respect to implementation of its plan to upgrade the treatment facilities in accordance with the 2008 Consent Order. In October 2012, the 2008 Consent Order was modified to extend interim deadlines to “Complete construction at the Mamaroneck WRRF” and to “Operate to Meet the 12 M[onth] R[olling] A[verage]” in addition to a “Green Beaches, Clean Beaches Media Disk Recovery Program” (the 2004 Consent Order and 2008 Consent Order, as modified are collectively referred to as the “Consent Order”), noting that said amendment does not change the termination date of the Consent Order. The County met its obligations for total nitrogen removal under the Consent Order by achieving the 12-month rolling average limit by May 2015, ahead of the required August, 2017 deadline.

The County had originally authorized approximately \$407.7 million in bonds in order to meet its obligations under the 2008 Consent Order. Pursuant to the American Recovery and Reinvestment Act of 2009, Westchester County applied for and was chosen to receive an award of \$29,944,000. The New York State Environmental Facilities Corporation (the “EFC”) which administered and financed the subject debt, forgave the outstanding debt in this amount. Due to this forgiveness of debt the authorized amount was reduced by \$22.9 million to \$384.8 million on November 6, 2014. To date the County has issued \$343.7 million of which \$22.9 million was forgiven as described above.

On May 28, 2013, the Board, by Act No. 113-2013, authorized the County to enter into an Order on Consent (the “Tarrytown Consent Order”) with the NYSDEC regarding force main breaks in 2010 and 2012 on the Tarrytown Pumping Station Force Main, which resulted in discharge of partially treated sewage into the Hudson River. The Tarrytown Consent Order, executed on August 22, 2013, included a Schedule of Compliance, which required submission of an approvable schedule for upgrade of the Tarrytown Pumping Station and construction of a new Force Main (the “Force Main Project”). Said schedule was delivered in a timely manner and subsequently approved by the NYSDEC. On March 10, 2014, the Board, by Act No. 18-2014, authorized the County to issue \$14,600,000 in bonds to finance the Force Main Project and by Act No. 19-2014, authorized the County to acquire all property rights necessary to construct the Force Main Project. The entire \$14,600,000 was sold to the EFC as a Bond Anticipation Note on July 10, 2014. In 2016, this note was refinanced to long term with the EFC in the amount of \$14,146,528 (the expected cost). The construction of the Force Main project is now complete. A Letter of Substantial Completion was sent to the NYSDEC on January 30, 2018 and the Tarrytown Consent Order is now closed.

On August 10, 2015, the Board, by Act No. 142-2015, authorized the County to enter into an Order on Consent with the NYSDEC to settle administrative claims concerning alleged violations of SPDES Permit No. NY 0026697 (the “Permit”) for the New Rochelle WRRF. The Permit, in relevant part, required the County to eliminate discharges from Overflow Retention Facilities (the “New Rochelle Consent Order”) or to comply with the effluent limitation specified in 40 CFR Part 133 by August 1, 2014. The NYSDEC alleged that, from August 1, 2014 on, the County did not eliminate discharges from the ORFs, nor did it comply with the effluent limitation, in violation of the Permit. The New Rochelle Consent Order contains a Compliance Schedule which was agreed to between the County and NYSDEC. Further, on August 10, 2015, the Board, by Act No. 141-2015, authorized the County to enter into intermunicipal agreements with the four municipalities that discharge wastewater to the New Rochelle WRRF for the development and implementation of studies and plans so that the County can comply with the Compliance Schedule contained in the New Rochelle Consent Order. On September 3, 2015, the County Board of Acquisition and Contract authorized the County to enter into the inter-municipal agreements and all four of these inter-municipal agreements have been fully executed. The four municipalities in the New Rochelle SSD delivered their report to the County and NYSDEC on October 31, 2017 as required.

On December 28, 2016, the United States Environmental Protection Agency issued an Administrative Order under various provisions of the Clean Water Act for compliance with the Multi-Sector General Permit (“MSGP”) (Order No.: CWA-02-2017-3022) at the Brockway Solid Waste Transfer Station in White Plains. The Administrative Order was revised on or about May 12, 2017, under Order No.: CWA-02-2017-3050. The Order requires the implementation of certain reporting requirements, interim measures to control leachate, and the

investigation, construction, and operation of a long-term solution for the control of leachate at the site. As required by this Administrative Order, the County, through its contractor, has completed a pre-design investigation which recommends options available for a leachate collection system at the White Plains transfer station. Source investigation is now being conducted.

Electrical Services

Except for its northeastern portion, the County receives electrical delivery service from Consolidated Edison of New York (“Con Edison”). The cost of electricity in the Con Edison service territory is the highest in the continental United States. These high power costs may accelerate the current trend in the County away from manufacturing production. Con Edison also supplies natural gas service to the County. The northeastern portion of the County receives its electric power from New York State Gas and Electric at rates substantially below those of Con Edison. Since the latter part of 1976, both the County and the majority of municipalities within the County have received their electricity from the Power Authority of the State of New York over Con Edison distribution lines. The New York State Public Service Commission embarked on a program whereby the current utilities would continue to operate, under a regulatory scheme, the distribution system for electricity, but the utilities have divested themselves of most of their generation facilities. The generation facilities have been acquired by independent operators, with the electricity generated at these and other facilities sold under market conditions. However, to date, the majority of residential customers continue to buy their electricity from the regulated utilities.

In 1982, the County created the County of Westchester Public Utility Service Agency (the “Agency”) and authorized it to acquire lower cost electric power for resale to eligible customers located within territory previously served solely by Con Edison. On July 1, 1985, the Agency began service delivery to designated commercial customers in accordance with the terms of a Lease and Operating Agreement between the Agency and Con Edison. Under these arrangements, the Agency was able to deliver varying amounts of lower cost power through arrangements with the New York Power Authority over Con Edison’s distribution lines. Since the Agency is no longer acquiring low-cost electric power for resale to utility customers inhabiting the Con Edison Service Area, Local Law 2015-7 repealing Chapter 875 of the Laws of Westchester County which created the Agency was adopted by the Board on April 27, 2015.

Recharge New York (“RNY”) is a statewide economic development power program for qualified businesses and not-for-profit corporations and was signed into law on April 14, 2011. The RNY program merges all existing NYPA Economic Development Programs into one program directly administered by NYPA. RNY provides benefits for businesses and non-profits including: a permanent and dedicated funding source for the low cost energy economic development programs; long term contracts for a term of up to seven years so that program participants can make appropriate business decisions to re-locate, remain, and/or expand; and the ability to add new program participants and provide additional allocations to existing program participants.

Water Services

The County receives most of its public water from the Croton, Delaware and Catskill aqueduct systems of The City of New York (the “City”). These systems are fed partly by approximately 177 square miles of watershed lands and reservoirs in the County and, in addition, receive water by aqueduct from the upstate Catskill and Delaware systems. The County operates four water districts, County Water Districts 1, 2, 3 and 4.

Effective January 1, 2002, Water District Number 2, which had previously been operated by the County, was leased to Northern Westchester Joint Water Works pursuant to State legislation and an intermunicipal agreement. Under this agreement, the lessee makes lease payments to the County which cover the County’s remaining annual debt service for prior capital projects at Water District Number 2. District Number 4 is not active. Also there are a variety of private and municipal reservoir and well systems which supply the remainder of public water needs.

In January, 1997, the County entered into the New York City Watershed Memorandum of Agreement (the “Watershed MOA”) with the City, the State, the USEPA, Putnam County, the Coalition of Watershed Towns, the Catskill Watershed Corporation, certain municipal corporations located within the New York City Watershed and certain environmental organizations. The Watershed MOA provides for (i) a Land Acquisition Program pursuant to which the City will purchase land within the New York City Watershed, (ii) the promulgation of new Watershed

Regulations, (iii) Watershed Protection and Partnership Programs pursuant to which the City will fund infrastructure and improvements within the New York City Watershed and has paid \$38 million to the County to create a fund known as the East of Hudson Water Quality Investment Program Fund (“EOH WQIP Fund”) to support the implementation of water quality investments in the East of Hudson Watershed to protect the City’s drinking water supply, and (iv) the creation of the Watershed Protection and Partnership Council.

Since 1997, the County has exercised fiduciary and administrative responsibilities for EOH WQIP Fund which as of December 2017 had a fund balance of \$41.5 million. Expenditures of the EOH WQIP Fund must be approved by the Board. The 12 municipalities that have land area within the NYC water supply watershed, with the partnership of the County, established an ad hoc organization known as the Northern Westchester Watershed Committee (NWWC) to be a regional forum to oversee implementation of the MOA and its programs. While the NWWC has advised the Board on spending priorities for the EOH Fund, NWWC recommendations are not required for EOH Fund allocations. Many projects, large and small, have been approved by the Board for funding through the EOH WQIP Fund. To date, these projects have been administered and implemented by the municipalities, not the County, through an intermunicipal agreement. Sample projects eligible for funding include: sewer diversion projects, water quality measures identified in the Croton Plan, rehabilitation or replacement of septic systems that are failing or likely to fail in certain areas, storm water Best Management Practices to correct or reduce existing erosion or pollution and new or upgraded sand and salt storage facilities.

On May 6, 1997, the USEPA issued a 1997 Filtration Avoidance Determination for the Catskill and Delaware Water Supply Systems (the “1997 FAD”). The 1997 FAD remained in effect until April of 2002. In May of 2002, USEPA approved a new Filtration Avoidance Determination (the “2002 FAD”) and, therein, determined that the City has an adequate long-term watershed protection program for its Catskill/Delaware water supply which meets the established standards for unfiltered water systems. The 2002 FAD established milestones for the City’s construction of Ultraviolet (UV) Light Disinfection Facilities, to commence operation on August 31, 2009. In 2005, the City requested an extension of the construction schedule contained in the 2002 FAD. Pursuant thereto, the USEPA prepared the 2005 Draft Modification to the 2002 FAD extended the date for commencement of operation at the UV Facility to August 31, 2010. The required UV disinfection plant at Eastview became operational at the end of 2012. The USEPA released a 10-year New York City Filtration Avoidance Determination (“2007 FAD”) for the Catskill/Delaware Water Supply in July 2007. After the 2007 FAD was issued, USEPA transferred primacy for regulatory oversight of the City’s FAD to the New York State Department of Health (NYSDOH). In May 2014, NYSDOH, in consultation with USEPA, issued the Revised 2007 FAD, which defined the City’s requirements for the remaining period of the 2007 FAD. In accordance with NYSDOH’s certification of the 2007 FAD, the next FAD was scheduled to be issued in 2017. The 2017 FAD supersedes the Revised 2007 FAD and will remain effective until a further determination is made, currently scheduled for July 2027.

On October 6, 2014, the Board, by Act No. 185-2014, authorized the County to carry out capital project “WD103-County Water District No. 1 Alternate Water Supply” (“WD103”) at a maximum estimated cost of \$9,950,000 to bring the County in compliance with the certain Long Term 2 Enhanced Surface Water Treatment Rule and to comply with the Consent Decree filed on September 2, 2015. Further, on October 6, 2014, the Board, by Act No. 187-2014 authorized a Bond Act in the amount of \$765,584 and on April 27, 2015, the Board, by Act No. 65-2015, authorized a Bond Act increasing Bond Act 187-2014 in the amount of \$8,453,416 for an amended total of \$9,219,000 in connection with WD103. After the issuance of the Series C Bonds, there will remain \$378,277 of available authorization pursuant to Bond Act 65-2015.

Refuse Disposal

The County provides refuse disposal services to a substantial portion of the County through the County Refuse Disposal District Number 1 (the “District”). The District, in 1985, entered into a service agreement with the County of Westchester Industrial Development Agency, which entered into a solid waste disposal agreement with Westchester RESCO Company, L.P., a Delaware limited partnership and Wheelabrator Technologies Inc., a Delaware corporation for the disposal and processing of solid waste at the Charles Point facility in the City of Peekskill, New York. The original service agreement expired on October 21, 2009.

In October 2009, the County, on behalf of the District, reached a new solid waste disposal agreement with Wheelabrator Westchester, L.P. Under the new agreement, the District is obligated to bring all municipal solid waste collected under intermunicipal agreements with participating municipalities (“IMAs”) to the Charles Point

Facility. The District is not obligated to supply a minimum tonnage of solid waste and the agreement allows the District to divert up to 50,000 tons annually to explore new waste disposal technologies. The agreement has a term of ten years and includes an initial five-year option at the County's discretion, followed by two additional five-year options by mutual consent. The County has executed IMAs with participating municipalities that run concurrent with the solid waste disposal agreement.

Recreational and Cultural Facilities

The nationally accredited Westchester County Department of Parks, Recreation and Conservation ("Westchester County Parks") operates and manages 50 parks and recreational facilities spanning nearly 18,000 acres of publicly-owned parkland throughout the County. In 2018, Westchester County Parks has, for the fourth time, earned the distinction of being accredited by the National Recreation and Parks Association (NRPA). Westchester County Parks is the only agency in New York State to be nationally accredited, and the distinction makes the parks system a member of an elite group of 71 agencies that have been accredited since the program was introduced in 1994. The national accreditation by the NRPA is the highest honor that can be bestowed on a parks system, and sets it apart from thousands of other parks systems throughout the nation.

Westchester County Parks includes six golf courses, five swimming pools, three beaches, six nature preserves and various historic sites. County Parks also operates a number of flagship parks, e.g.: Lasdon Park Arboretum and Veterans Memorial, Camp Morty at Mountain Lakes Park; Muscoot Farm, the Westchester County Center (a public assembly and entertainment facility), the Bronx River Parkway Reservation, the North and South County Trailways, Playland Amusement Park which is designated as a National Historic Landmark, and Kensico Dam Plaza, known as the County's "Central Park".

State and local agencies provide an additional 17,000 acres of parkland and preserves for public use. There are also a considerable number of landmarks and historic sites throughout the County dating back to the 17th century, reflecting the rich architectural and historic heritage of the area. The County houses an array of colleges and universities, theaters, museums, private golf courses, yacht clubs, marinas, country clubs, equestrian clubs, and skating rinks, all of which combine to provide a wide range of educational, cultural and recreational opportunities.

Governmental Organization

Subject to the State Constitution, the County operates pursuant to the County Charter (the "Charter") and Administrative Code and in accordance with other laws governing the County generally to the extent that such laws are applicable to counties operating under a charter form of government. The Charter in its present form was originally enacted into law by the State Legislature after its approval by the electors of the County at a general election held in November 1937. The Administrative Code was enacted into State law in 1948.

County Board of Legislators. The legislative power of the County is vested in the County Board of Legislators (the "Board") which in its present form has been in existence since January 1, 1970. Its 17 members are elected for two-year terms by the voters in their respective legislative districts. Vacancies occurring on the Board are to be filled at a special election in the legislative district of the vacated office. However, if a vacancy occurs within seven (7) months prior to the regular expiration of such term of office, the vacancy may be filled for the remainder of the unexpired term by an appointment of the majority of the remaining members of the Board. Both the number of members and boundaries of legislative districts may be varied from time to time in accordance with requirements of the Federal and State Constitution or by Charter amendment. Since 1974 the Board has retained the services of PKF O'Connor Davies, LLP to review and report projections of revenues and expenditures as contained in proposed budgets. This firm or its predecessors has been the independent certified public accountants of the County since 1966.

The County Executive. The County Executive is elected every four years in the year following the presidential election. He must be a resident of the County for at least five years prior to his election, is required to devote his full time to the duties of his office and may hold no other public office. Subject to certain exceptions hereafter described, no act of the Board can take effect unless approved by the County Executive. If any act is not returned to the County Board by the County Executive with his written reason for not approving it within ten days of its presentation to him, it is deemed approved; further any act disapproved by the County Executive nevertheless

becomes effective if upon reconsideration it is passed by at least two-thirds vote of all the members of the Board. Pursuant to the Charter, there are several departments of the County established, including the Department of the Budget, responsible for preparation of the budget for submission to the County Executive, and such other duties in regard thereto as the County Executive may direct. Also pursuant to the Charter, the Department of Finance is charged with the administration of the financial affairs of the County, including collection of all taxes and other revenues due to the County, the custody and safekeeping of all funds belonging to the County and the disbursement of all County funds including the keeping and supervision of all accounts.

Westchester County Executive George Latimer was sworn into office on January 1, 2018. Mr. Latimer was elected to a four-year term commencing January 1, 2018 and such term will end December 31, 2021.

Chief Fiscal Officer. The Commissioner of Finance is appointed by and serves at the pleasure of the County Executive and is confirmed by the Board. By the Charter, the Commissioner of Finance is responsible for the administration of the financial affairs of the County, including the management of \$1.8 billion in general County funds, collection of all taxes, assessments, license fees and other revenues due the County; custody and safekeeping of all funds belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; the supervision of such similar functions of local units of government as may be transferred or entrusted to the County; and such other duties as may be prescribed by law, by the County Executive or the Board.

In addition, since 1961 the Charter has required that all financial dealings, transactions and records of the County shall be subject annually to a complete independent audit. The auditors' report is required to be filed with the Board and is open to public inspection.

Ann Marie Berg is Commissioner of Finance for the County. The Commissioner is responsible for the administration of the Finance Department and the financial reporting for the County. Prior to her appointment as Commissioner of Finance in January of 2010, Ms. Berg had served as Comptroller for the Town of Eastchester since 1997. She was Comptroller for the Town of Mount Pleasant from 1992-1997 and Deputy Comptroller from 1985-1992. She served as President of the Government Finance Officers Association (GFOA) from 2005 to 2006 and served as a GFOA Board Member 1999-2009. Ms. Berg has also served as a past Treasurer of Westchester Municipal Clerks and Finance Officers. She holds a Bachelor's degree in business administration as well as two Masters degrees, one in Educational Administration and the other in Public Administration as well as being an Enrolled Agent, which allows her to practice before the Internal Revenue Service.

COUNTY INDEBTEDNESS

Nature of County Indebtedness and Procedure for Authorization

Constitutional Requirements

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

Purpose and Pledge. The County shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. However, the County in its discretion has the legal authority to do so for the Westchester County Health Care Corporation ("WCHCC").

The County may contract indebtedness only for County purposes or, in its discretion for WCHCC purposes, and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. The County is authorized by the State Constitution to contract debt for objects or purposes which the State Legislature has determined to have a "period of probable usefulness" and the maximum maturity of such debt may not exceed the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which it is

contracted. Bonds must mature in annual installments and may be issued to finance any object or purpose for which a “period of probable usefulness” has been determined by the State Legislature. No annual installment of a serial bond may be more than 50% in excess of the smallest prior installment unless the Board provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness is required to be paid in annual installments commencing no later than two years after the date such indebtedness has been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute.

Debt Limit. The County has the power to contract indebtedness for any lawful County purpose so long as the principal amount thereof shall not exceed seven per centum of the five year average full valuation of taxable real estate of the County and 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 average full valuation is calculated by taking the assessed valuations of taxable real estate for the last five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation; full valuation is determined by the New York State Office of Real Property Services or such other State agency or officer as the State Legislature shall direct. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the debt limit of the County and its debt contracting margin under such constitutional standard.

TABLE 5

Summary of Constitutional Debt Statement Prepared as of October 31, 2018

Five year average full valuation of taxable real property	\$162,253,383,832
Debt limit (7% thereof)	<u>11,357,736,868</u>
Outstanding indebtedness:	
Bonds.....	\$ 1,045,939,659 ^(a)
NYSEFC Bond Anticipation Notes.....	54,276,800
Bond Anticipation notes issued 12/14/17 due 12/14/18.....	69,410,000
Less Exclusions:	
Current year Debt Service Appropriation (principal only)	
General Fund and Special Revenue Fund Airport	13,565,000
District Funds.....	2,855,000
Certain Sewer District Debt	412,497,905
Water District Debt	<u>20,178,579</u>
Total Exclusions.....	<u>449,096,484</u>
Total Net Indebtedness.....	\$ <u>720,529,975</u>
Net Debt — contracting margin.....	<u>\$10,637,206,893</u>
Percentage of Debt Contracting Power Exhausted as of October 31, 2018.....	<u>6.34%</u>

^(a) See Table 6 for previously refunded debt, which is excluded from the above table.

There is no constitutional limitation on the amount that may be raised by the County by tax on real estate in any fiscal year to pay interest and principal on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limit on the amount of taxes the County may levy. See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein.

In prior years, the County has advance refunded various County bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments. These bonds continue to be

general obligations of the County. However, inasmuch as moneys held in an escrow fund will be sufficient to meet all debt service requirements for such bonds, it is not anticipated that any other source of payment will be required.

TABLE 6

Previously Refunded and Escrowed Bonded Debt as of October 31, 2018

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 74,670,000	\$ 2,462,440	\$ 77,132,440
2020	1,145,000	1,163,650	2,308,650
2021	26,955,000	1,132,800	28,087,800
2022	-	231,750	231,750
2023	<u>4,635,000</u>	<u>231,750</u>	<u>4,866,750</u>
	<u>\$107,405,000</u>	<u>\$5,222,390</u>	<u>\$112,627,390</u>

General. The County is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the County so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limit on the power of the County to increase its annual tax levy. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

Statutory Procedure

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

Pursuant to section 33.10 of the Local Finance Law a bond act authorizing bonds in excess of \$10,000,000 to finance a capital improvement shall not become effective until it is submitted at a general or special election. Such bond act must be approved by a majority of the votes cast in order to become effective. Exceptions to this requirement include bond acts for certain sewage, drinking water, solid waste and hospital facilities. Bond acts authorizing bonds in excess of \$10,000,000 to finance a capital improvement for construction, reconstruction or modification of facilities for the conveyance, treatment and disposal of sewage or facilities for the distribution, treatment and storage of drinking water, can take affect without approval at a special election, if a public hearing is held before adoption.

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

1. such obligations are authorized for a purpose for which the County is not authorized to expend money; or
2. there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations; and

an action contesting such validity is commenced within twenty days after the date of such publication; or

3. such obligations are authorized in violation of the provisions of the Constitution.

The Board, as the finance board of the County, has the power to enact bond acts and acts authorizing bond anticipation notes to be issued in anticipation of the bonds authorized by such bond acts. In addition, in that capacity, the Board has the power to authorize the issuance of bonds and notes. However, the Board may delegate its powers in relation to the sale and issuance of the bonds or notes of the County to the Commissioner of Finance, the chief fiscal officer of the County under its Charter.

The Local Finance Law also contains provisions providing the County with power to issue general obligation revenue and tax anticipation notes and general obligation budget and capital notes (see "COUNTY INDEBTEDNESS - Temporary Borrowing").

Remedies Upon Default

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

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

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Bondholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme

Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

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

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

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

Municipal Bankruptcy

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

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

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

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the County in the future cannot be assured.

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

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

Financial Control Boards

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

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability,

management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

Several municipalities in the State are presently working with the FRB. The County has not applied to the FRB and does not reasonably anticipate submission of a request or has it applied to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

Market Matters Affecting Financings of the Municipalities of the State

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

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

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

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

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

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

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

TABLE 7

County Long-Term Bond Indebtedness ^(a)
Principal Amount Outstanding as of October 31, 2018

Parks and Recreation.....	\$123,231,107
Roads and Bridges.....	98,662,068
Airport.....	8,408,776
Courthouse.....	65,447
Correctional Facilities.....	23,146,539
Community College.....	31,548,009
WCHCC.....	2,099,627
Transportation.....	15,803,577
Laboratories and Research.....	6,010,335
Other Buildings and Miscellaneous.....	214,293,739
Refuse Disposal District.....	11,934,292 ^(b)
Water District 1.....	7,516,180 ^(b)
Water District 3.....	12,662,398 ^(b)
Sewer Districts.....	<u>490,557,565^(b)</u>
Total Net Indebtedness.....	\$1,045,939,659
Deduct District debt.....	<u>(522,670,435)</u>
Net Long-Term debt.....	<u>\$523,269,224</u>

^(a) See Table 6 for previously refunded debt, which is excluded from the above table.

^(b) Debt service and operating costs of sewer, water and refuse disposal districts, established pursuant to law, primarily funded by a special annual ad valorem tax or assessment for each district as well as by fees or charges. (See “Financial Factors - Assessed and Full Valuation, County Tax Levy and Rates” herein).

In addition to the foregoing debt, the County has contractual obligations to make payments such as the solid waste service fees paid to Wheelabrator (see “WESTCHESTER COUNTY - Utility Services -- *Refuse Disposal*” herein) and lease payments for the courthouse project (see “COUNTY INDEBTEDNESS - Summary of Significant Contingencies and Commitments” herein).

Debt Ratios

TABLE 8

Debt Ratios as of October 31, 2018

	<u>Amount</u> ^(a)	<u>Per Capita</u> ^(b)	<u>Estimated Percentage Full Value</u> ^(c)
Gross Long-Term Bond Debt	\$1,045,939,659	\$1,067	0.60%
Net Long-Term Bond Debt	523,269,224	534	0.30

^(a) See Table 6 for previously refunded debt, which is excluded from the above table.

^(b) Westchester County's 2017 estimated population was 980,244, according to the U.S. Bureau of the Census.

^(c) Calculated using 2018 Full Value of \$174,189,428,026.

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Debt Service Schedule

The following schedule sets forth all principal and interest payments presently required on all outstanding long-term bond indebtedness of the County:

TABLE 9

Summary of Principal and Interest on County Long-Term Bond Indebtedness
As of October 31, 2018

	<u>Principal</u> ^(a)	<u>Interest</u> ^{(a)(b)}	<u>Total</u>
2018	\$16,420,000	\$8,069,219	24,489,219
2019	101,224,659	42,216,756	143,441,415
2020	97,699,998	38,118,721	135,818,719
2021	97,355,006	34,092,303	131,447,309
2022	94,840,006	29,637,807	124,477,813
2023	83,774,990	25,757,089	109,532,079
2024	71,690,000	22,421,616	94,111,616
2025	62,545,000	19,789,806	82,334,806
2026	63,870,000	17,299,507	81,169,507
2027	53,305,000	14,720,809	68,025,809
2028	42,665,000	12,551,391	55,216,391
2029	43,620,000	10,726,365	54,346,365
2030	25,155,000	9,014,069	34,169,069
2031	24,280,000	7,991,702	32,271,702
2032	22,390,000	6,983,361	29,373,361
2033	22,155,000	6,027,132	28,182,132
2034	19,495,000	5,097,449	24,592,449
2035	16,885,000	4,264,649	21,149,649
2036	16,880,000	3,515,337	20,395,337
2037	16,715,000	2,765,758	19,480,758
2038	16,165,000	2,030,600	18,195,600
2039	10,365,000	1,407,271	11,772,271
2040	9,235,000	941,228	10,176,228
2041	4,930,000	626,345	5,556,345
2042	4,760,000	418,939	5,178,939
2043	4,295,000	224,272	4,519,272
2044	1,965,000	92,035	2,057,035
2045	420,000	41,748	461,748
2046	420,000	25,049	445,049
2047	420,000	8,350	428,350
Total	<u>\$1,045,939,659</u>	<u>\$326,876,683</u>	<u>\$1,372,816,342</u>

^(a) Excludes \$69,410,000 of bond anticipation notes issued on December 14, 2017, maturing on December 14, 2018. Also excluded from this Table 9 are bond anticipation notes in the amount of \$54,276,800 sold to the New York State Environmental Facilities Corporation (EFC). As of October 31, 2018, \$19.7 million of these notes have been drawn. It is anticipated that these notes will be refinanced as long-term obligations with the EFC at some point in the future. Included in Table 9 is \$436,918,000 in long-term financing with EFC.

^(b) Interest does not reflect any applicable subsidies for EFC debt and Build America Bonds.

Trend of Outstanding Long-Term County Indebtedness

The following schedule sets forth the total long-term bond and note indebtedness outstanding at the end of each of the last ten fiscal years:

TABLE 10

Outstanding Long-Term County Indebtedness^{(a)(b)}
As of December 31

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 672,078,835	2013	\$ 1,108,757,834
2009	705,298,834	2014	1,098,445,984 ^(c)
2010	829,750,770 ^(c)	2015	1,103,557,005
2011	1,023,060,598	2016	1,020,539,000 ^(c)
2012	1,012,426,484	2017	1,122,593,660 ^(c)

^(a) See Table 6 for previously refunded debt.

^(b) Excludes short-term notes sold to the New York State Environmental Facilities Corporation.

^(c) Excludes \$69,410,000 Bond Anticipation Notes in 2017, \$72,410,000, in 2016, \$40,000,000 in 2014 and \$100,000,000 in 2010.

Summary of Significant Contingencies and Commitments

Commitments-DASNY

In December 1998, the County financed \$133,007,717 over 25 years through the Dormitory Authority of the State of New York (the "DASNY") in connection with the implementation of the County's Court Facilities Capital Plan for the Westchester County Courthouse rehabilitation and facade replacement, and construction of a three-story courthouse annex (the "Project"). Concurrently, the County conveyed to DASNY title to the Courthouse property, including buildings and improvements thereon or to be erected thereon. The parties entered into a Lease and Agreement (the "Lease") by which DASNY leases the property back to the County. When the Lease term has expired and all of the bonds have been paid in full, DASNY will convey back to the County all of the property and the improvements thereon. In 2006 DASNY issued \$21 million of new money bonds for the benefit of the County. Through DASNY, the County also refunded a portion of the outstanding 1998 DASNY bonds issued as described above.

In October 2016 the DASNY issued \$22,485,000 of Refunding Bonds (the "2016 Bonds") in connection with the refinancing of the County's court facilities. The proceeds of the 2016 Bonds together with other available moneys were used (i) to refund certain DASNY Bonds described above and (ii) to pay the Cost of Issuance of the Bonds. The 2016 Bonds reduced County Lease payments by approximately \$3.9 million through 2023. DASNY's bonds are not general obligations of the County.

State Assistance Coverage

In the event the County fails to pay all or any part of the Basic Rent when due, Title 4-B of the Public Authorities Law of the State of New York, as amended, directs the State Comptroller to pay DASNY the amount of unpaid rent from certain moneys appropriated by the State as State aid and local assistance to the County. The following paragraph and table outline the aid susceptible to this and the coverage ratio of that aid to Maximum Basic Rent.

The following table sets forth for the County's last ten fiscal years, the amount of State assistance paid to the County for the administrative costs of the assistance and pursuant to Section 608 of the Public Health Law and Section 10-c of the Highway Law; the amount of Court Facilities Incentive Aid for the maintenance expenses of court facilities and interest on the bonds; the greatest amount of Basic Rent payable in any fiscal year of the County

on account of the debt service of the Bonds; and the coverage of the Basic Rent from the sources of State assistance described above.

TABLE 11
State Assistance Coverage Ratio
As of December 31,

	State Assistance						Maximum Basic Rent	Coverage
	Administrative Costs	Health Law	Highway Law-CHIPs	Court Facilities Incentive Aid		Total		
				Maintenance of Facilities	Interest			
2017	\$44,482,325	-	\$3,511,660	\$3,305,901	\$277,170	\$51,577,056	\$12,406,750	4.28 x
2016	36,912,184	-	3,696,399	1,361,828	405,232	42,375,643	12,406,500	3.42 x
2015	42,519,110	-	2,838,627	1,856,968	527,219	47,741,924	12,411,463	3.85 x
2014	50,064,362	-	2,817,055	2,271,147	643,535	55,796,099	12,411,463	4.50 x
2013	44,868,991	-	2,726,113	2,247,583	754,803	50,597,490	12,411,463	4.08 x
2012	45,397,522	-	2,952,768	2,765,312	860,456	51,976,058	12,411,463	4.19 x
2011	48,038,856	-	2,174,651	2,201,382	960,208	53,375,097	12,411,463	4.30 x
2010	41,654,718	167,477	2,587,768	2,731,988	796,691	47,938,642	12,411,463	3.86 x
2009	49,992,061	72,256	2,596,357	2,177,009	1,146,346	55,984,029	12,411,463	4.51 x
2008	63,140,946	108,424	2,620,069	2,265,925	606,434	68,741,798	12,411,463	5.54 x

Future Issuance of General Obligation Indebtedness

The County Charter establishes a capital program procedure to provide the County with five-year projections of capital projects and estimates of expenditures required. These expenditures are financed from current annual appropriations, the proceeds of bonds and notes and other sources, such as Federal and State funds. Bond issuance authority is generally subject to the referendum requirement for bond acts authorizing bonds in excess of \$10,000,000 for any capital improvement. (See “COUNTY INDEBTEDNESS - Statutory Procedure” herein).

A Capital Projects Committee, composed of the County Executive as Chairman, the Budget Director and other designated heads of Executive Departments, the Chairman of the Board and the Chairman of its Budget and Appropriations Committee, meet to prepare the proposed capital plan for the ensuing five years. They are required to consider the feasibility of all proposed capital projects in reference to their necessity, priority, location, costs and method of financing, and the plan is required to be printed with the County budget.

The County is required by its Charter to adopt a capital budget annually. Each capital project which is either contemplated or commenced is reflected in either the capital plan or the capital budget. Whenever the County determines to finance the costs of a capital project by borrowing, it adopts acts authorizing bonds and bond anticipation notes. Notwithstanding the inclusion of a capital project in the capital plan or budget or in a bond act, the County may at any time eliminate or terminate such project, subject to any contract liabilities theretofore incurred.

In general, the County has provided for capital projects in accordance with the foregoing capital program procedure, although the County may adopt a bond act even though the project for which it is adopted has not been in any previous capital plan so long as the capital budget is amended.

The County capital project plan will necessitate further financing by the issuance of bonds and/or bond anticipation notes. General improvement and reconstruction of County roads and bridges will continue as required. Additional building construction and capital improvements at various County facilities including the Westchester Community College and correctional facilities on the Valhalla Campus are anticipated. Recreational improvements and improvement of public transportation facilities, including acquisition of new equipment, may be financed during the next several years. In addition, financing will be required for the expansion of County sewer districts, nutrient removal from the Long Island Sound and for expansion of County Refuse Disposal District No. 1 facilities.

TABLE 12

Capital Budget Projection
As of 2018
(Dollars in Thousands)

	Financing ^(c)					
	Estimated Total Cost ^(a)	Cumulative Appropriations ^(b)	Operating Budgets ^(d)	Non- County Share ^(e)	Aggregate Bonding Authorized And Anticipated ^(f)	Bonds Authorized ^(g)
Buildings, Land & Misc.	\$ 803,603	\$ 693,062	\$ 2,690	\$ 25,601	\$ 664,771	\$ 409,109
Parkways	109,015	94,260	520	-	93,740	27,524
Roads & Bridges	386,045	257,190	-	59,038	198,152	85,347
Recreation Facilities	666,026	536,929	593	5,544	530,792	216,009
Transportation	<u>310,545</u>	<u>169,870</u>	<u>120</u>	<u>72,111</u>	<u>97,639</u>	<u>54,055</u>
Total County	\$2,275,234	\$1,751,311	\$ 3,923	\$162,294	\$1,585,094	\$ 792,044
Airport	\$ 241,039	\$ 201,499	\$ 20,709	\$110,078	\$ 70,712	\$ 28,283
Refuse Disposal District No. 1	71,280	52,280	12,300	2,000	37,980	10,350
Sewer and Water Districts ^(h)	<u>1,624,702</u>	<u>1,042,487</u>	<u>14,213</u>	<u>62,163</u>	<u>966,111</u>	<u>798,729</u>
Grand Total	<u>\$4,212,255</u>	<u>\$3,047,577</u>	<u>\$ 51,145</u>	<u>\$336,535</u>	<u>\$2,659,897</u>	<u>\$1,629,406</u>

^(a) As estimated in the capital plan, but not necessarily appropriated. Includes projects not yet under the capital budget or subject of a Bond Act. No assurance can be given that the actual cost will not be greater than estimated, in part because of the anticipatory nature of capital planning.

^(b) As provided in the capital budgets, which provide for the authorization to spend and the plan of financing. Such appropriations remain in effect until the project is completed or terminated.

^(c) As provided in the capital budgets, the County is not committed to the issuance of such bonds and, generally, reduces the final amount of the issue by transfers from the operating budgets and from other sources such as Federal and State funds.

^(d) Reflects contribution from operating budgets.

^(e) Reflects other revenues, primarily Federal and State funds.

^(f) As provided in the capital budget. Includes all bonds issued or anticipated to be issued for the capital projects. Bond anticipation notes may be issued pending the sale of the bonds.

^(g) Bonds in the amounts indicated have been issued in prior years. Certain of these bonds have matured and been retired. Completed projects and bonds issued therefor are not shown since they are not in the capital budget.

^(h) The Sewer and Water Districts costs include system, pump stations and treatment plants upgrades and rehabilitations as well as biological nutrient removal projects.

Temporary Borrowing

Bond Anticipation Notes. The following table sets forth the ten year history of bond anticipation notes issued by the County:

TABLE 13

Bond Anticipation Notes

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2009	\$ 87,455,000 ^(b)	\$ 3,746,229	\$ 105,955,000
2010	147,000,000 ^(c)	46,470,000	206,485,000
2011	9,198,000 ^(a)	151,485,000	64,198,000
2012	80,000,000 ^(a)	9,198,000	135,000,000
2013	--	80,000,000	55,000,000
2014	88,727,800 ^(d)	55,000,000	88,727,800
2015	39,136,800 ^(a)	54,827,800	73,036,800
2016	79,426,000 ^(e)	27,200,000	125,262,800
2017	78,940,000 ^(f)	97,956,000	106,246,800
2018	17,440,000 ^(a)	--	123,686,800 ^(g)

^(a) Sold to the New York State Environmental Facilities Corporation (the "EFC").

^(b) \$55,000,000 was sold on August 27, 2009 to the EFC and \$32,455,000 was sold in October of 2009 for the settlement of litigation.

^(c) \$100,000,000 of Bond Anticipation Notes were issued on December 2, 2010, and retired on November 30, 2011. \$47,000,000 of Bond Anticipation Notes were sold to the EFC on September 2, 2010.

^(d) \$40,000,000 of bond anticipation notes were issued on December 4, 2014 and were retired on November 19, 2015 as part of the County's 2015 Bond issue. \$48,727,800 of Bond Anticipation Notes were sold to the EFC.

^(e) \$64,660,000 of Tax Exempt and \$7,750,000 of Taxable Bond Anticipation Notes were issued on December 15, 2016 and matured on December 15, 2017. \$7,016,000 of notes were sold to the EFC.

^(f) Includes \$9,530,000 sold to EFC on March 23, 2017. Also includes \$60,500,000 of tax-exempt and \$8,910,000 of taxable bond anticipation notes issued on December 14, 2018, maturing on December 14, 2018.

^(g) As of October 31, 2018.

Tax Anticipation Notes. The following table shows the ten year history of tax anticipation note issuance by the County:

TABLE 14

As of October 31, 2018
Tax Anticipation Notes

<u>Fiscal Year</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance as of December 31</u>
2009	--	--	--
2010	\$ 70,000,000	\$ 70,000,000	--
2011	50,000,000	50,000,000	--
2012	64,720,000	64,720,000	--
2013	89,997,656	89,997,656	--
2014	90,000,000	90,000,000	--
2015	105,000,000	105,000,000	--
2016	105,000,000	105,000,000	--
2017	140,000,000	140,000,000	--
2018	150,000,000	150,000,000	--

Except for tax anticipation notes issued during the period shown in Table 14, the County has not issued revenue anticipation notes or any other form of short-term obligations to finance operating cash-flow needs. The timing of the receipt of taxes and other revenues (including Federal and State aid) and its need for such monies, together with

its control of the timing of expenditures, has in the past enabled the County to minimize the need for short-term financing.

Underlying Indebtedness of Political Subdivisions Within the County

The estimated gross outstanding indebtedness of other governmental entities within the County, based on unverified information furnished by such entities, is as follows:

TABLE 15

Estimated Underlying Indebtedness
As of June 30, 2018

Cities:	Yonkers	\$ 527,135,000 ^(c)
	Peekskill	60,511,198
	Rye	11,105,000
	White Plains	148,693,901
	Mount Vernon	19,845,000
	New Rochelle	64,676,754
Towns:	Nineteen	336,748,941
Villages:	Twenty-three	512,532,954
School Districts:	Forty-seven	<u>1,269,505,215</u> ^(a)
Overall Estimated Underlying Gross Debt		<u>\$ 2,950,753,963</u> ^(b)

^(a) Net of State Building Aid of \$57,437,224.

^(b) Does not include deductions for self-supporting debt.

^(c) The amount reported includes the Yonkers School District indebtedness of \$175,314,158.

FINANCIAL FACTORS

County finances are operated primarily through the County's General Fund. All taxes and most non-tax revenues are paid into it and all current operating expenditures are made from it pursuant to legislative appropriations. The County also has sewer, water and refuse disposal districts which are managed through individual district funds into which all special assessments or charges for these purposes are paid and from which all expenditures are made. The County also has an Airport Fund and a Trust Fund which do not levy taxes. There is also a Capital Projects Fund used for purposes of capital construction, revenues for which are derived through appropriations in the operating budget, sale of bonds and bond anticipation notes, and State and federal receipts. The County's fiscal year begins January 1 and ends December 31. Financial statements for the County are included in Part II of this Appendix B of this Official Statement. These statements have been audited by PKF O'Connor Davies, LLP, independent certified public accountants.

Revenues

The County derives its revenues from: State and Federal aid, a direct tax levy on real property, a 1 1/2 % County-wide sales tax, which was increased on October 15, 1991 to 2 1/2% in the towns and in those cities which have not imposed their own sales tax, a hotel occupancy tax, a motor vehicle tax, a mortgage recording tax, and departmental fees and charges. An additional 1/2% sales tax was authorized and imposed in March 2004, within the towns and cities not imposing their own sales tax.

Real Property Tax

The County derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the State Constitution. The County's property tax levying powers, other than for debt service and certain other purposes, are limited to one and one-half per centum (subject to increase up to 2% by State legislative enactment) of the average

full valuation of taxable real estate of the County. See “REVENUES - Municipally Generated Revenues - Real Property Tax” herein. On June 24, 2011, the Tax Levy Limit Law (as defined below in “FINANCIAL FACTORS - The Tax Levy Limit Law”) was enacted and imposes a statutory tax levy limitation upon the County’s power to increase its annual tax levy. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

In each of the year 2016, 2017 and 2018 the County levied approximately 30% of its annual revenues from a direct real property tax. Set forth in the following table is the amount of the annual tax levy of the County for the past five years.

TABLE 16

	<u>Real Property Tax Levy</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Levy for County Purposes	\$559,391,937	\$548,423,468	\$548,423,468	\$548,423,468	\$548,423,468
Tax Levy for Sewer, Water and Refuse Disposal Districts	<u>146,173,838</u>	<u>146,173,838</u>	<u>146,173,838</u>	<u>146,176,838</u>	<u>146,186,075</u>
Total	<u>\$705,565,775</u>	<u>\$694,597,306</u>	<u>\$694,597,306</u>	<u>\$694,597,306</u>	<u>\$694,609,543</u>

Tax Limit. The amount that may be raised by the County-wide tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness, is generally limited to one and one-half per centum (subject to increase up to 2% by State legislative enactment) of the average full valuation of taxable real estate of the County. However, the Tax Levy Limit Law imposes a statutory tax levy limitation on the County’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See “FINANCIAL FACTORS - The Tax Levy Limit Law” herein).

The following table sets forth such real estate taxing limit of the County for the fiscal year 2018.

TABLE 17

Computation of Constitutional Taxing Power-General Fund

For the Fiscal Year 2018

<u>Tax Year</u>	<u>2018 Full Valuation of Real Estate</u>
2018	\$174,189,428,026
2017	167,758,214,049
2016	163,815,785,746
2015	155,963,411,796
2014	<u>149,540,079,541</u>
Total	\$811,266,919,158
Five-year average full valuation	162,253,383,831
Tax Limit: (1.5%)	2,433,800,757
Total Additions	<u>145,174,524^(a)</u>
Total taxing power	2,578,975,281
Total levy for 2018	<u>705,565,775</u>
Tax Margin	<u>\$1,873,409,506</u>

^(a) Excluded from the Constitutional Tax Limit is \$143,869,173 appropriated for Net Debt Service and \$1,305,351 for Equipment replacement/Additional Equipment as per the 2018 adopted budget.

Full Valuation, General Fund County Tax Levy and Rates

The following table sets forth five years of the full valuation of taxable real property, the County’s real property tax levy for General Fund County purposes and rates of tax per \$1,000.

TABLE 18

Historic Valuation, Tax Levy and Rates

<u>Tax Levy Year</u>	<u>Full Valuation</u>	<u>Levied for County Purposes</u>	<u>Rate per \$1,000 of Full Valuation</u>
2018	\$174,189,428,026	\$559,391,937	\$3.21
2017	167,758,214,049	548,423,468	3.27
2016	163,815,785,746	548,423,468	3.35
2015	155,963,411,796	548,423,468	3.52
2014	149,540,079,541	548,423,468	3.67

The County-wide real estate tax levy is determined by subtracting all other available revenues from total expenditures necessary for County purposes and Sewer, Water, and Refuse Disposal District purposes.

The County-wide real estate tax levy is collected by the cities and towns within the County, each of which constitutes a separate tax district and, as such, is required by statute to collect its proportionate share of such tax levy. Payment of such share must be made to the Commissioner of Finance of the County as collected, and in any event, not less than 60% must be paid by May 25th and the balance must be paid by October 15th of the year for which such taxes are levied.

Unlike most other counties within the State, the County is not legally responsible or liable to the cities, towns, and other municipal corporations and school districts in the County for the amount of any unpaid delinquent County or local taxes. Instead, pursuant to applicable provisions of its Charter and Administrative Code and the State Real Property Tax Law, the County is required to include the amount of any unpaid County-wide taxes in the levy for the subsequent fiscal year on the particular tax district. Consequently, the cities and towns within the County remain liable for the collection of delinquent taxes and bear the burden of enforcement procedures.

However, in the event of the failure of a tax district to pay when due the full amount of its share of taxes payable to the County, the County may sell tax anticipation notes, which notes are redeemable out of such delinquent taxes and any penalties thereon which are payable by the tax district to the County. The County sold tax anticipation notes for this purpose in 1972. See “FINANCIAL FACTORS - Tax Collection Record” and “ - Temporary Borrowing.”

These statutes relating to collection of the County-wide tax levy place the burden for collecting unpaid delinquent taxes together with enforcement proceedings therefor, upon the respective tax district, with the result that any liability for unpaid delinquent taxes is not shared by all County taxpayers.

Tax Collection Record

On May 25, 2018 the County collected \$423,339,465 (60%) of the total 2018 Tax Levy of \$705,565,775. The balance of \$282,226,310 (40%) was collected on October 15, 2018. Set forth below (and as a result of the statutory requirements above) is the tax collection record of the County and district levies for the most current and past five fiscal years.

TABLE 19

Historic Tax Collection Record

<u>Fiscal Year Ending December 31</u>	<u>Total Ad Valorem or General Property Tax</u>	<u>Actual Collection</u>	<u>Uncollected at End of Tax or Fiscal Year</u>
2018	\$ 705,565,775	\$705,565,775	\$ --
2017	694,597,306	694,597,306	--
2016	694,597,306	694,597,306	--
2015	694,597,306	694,597,306	--
2014	694,609,543	694,609,543	--

The Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the County had been subject to the levy of ad valorem taxes to pay the bonds and notes of the County and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the County for any fiscal year commencing January 1, 2012 through June 15, 2020 or later as provided in the Tax Levy Limit Law, as amended, without providing an exclusion for debt service on obligations issued by the County. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County, without limitation as to rate or amount, may or may not be subject to statutory limitations, according to the formulas set forth in the Tax Levy Limit Law. The actual effect of the Tax Levy Limit Law would depend upon the interpretation of such law by a court of competent jurisdiction in the event of a legal challenge.

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

The Tax Levy Limit Law, as amended, imposes a limitation on increases in the real property tax levy of the County, subject to certain exceptions. The Tax Levy Limit Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The “Inflation Factor” is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The governing board of the County may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the County first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the County, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the County or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit

by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district. Each of the County's 2013 through 2018 tax levies were below the respective limitations as prescribed by the Tax Levy Limit Law.

Sales Tax

Since 1971, the County has imposed a 1-1/2% County-wide sales and use tax on all retail sales.

Additionally, the State imposes a 4% State sales tax and, since May 1, 2005, a 3/8% sales tax levied in the Metropolitan Transportation Authority District.

The cities of White Plains, Mount Vernon and New Rochelle, pursuant to State law, have imposed sales and use taxes at a rate of 2-1/2%. The city of Yonkers, pursuant to State law, has imposed sales and use taxes at a rate of 3.00%. Currently the city of Rye and the city of Peekskill do not impose such a sales tax.

In July 1991, the State Legislature authorized an additional 1% sales tax (above the 1-1/2% County-wide sales and use tax described above). The additional 1% sales tax is 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 not imposed sales taxes (50%). The County imposes this additional sales tax 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, 2020.

In February 2004, the State Legislature authorized an increase of 1/2% to the additional 1991 1% sales tax. The County retains 70% of this 1/2 percentage point increase, the municipalities 20% and school districts 10%. This increase became effective March 1, 2004 and expires on May 31, 2020. The County imposes this additional sales tax 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, 2020.

In summary, the combined sales tax (County, State, and MTA) in the County, exclusive of cities that have imposed sales tax, is 7.375%. The sales tax rate in the city of Yonkers is 8.875%. In the other cities that impose a sales tax, the rate is 8.375%. The total County portion of sales tax equates to a rate of 1.5% on sales in locations with city sales tax and 2.183% on sales in locations that do not have city sales tax.

Set forth below is a summary of Sales Tax revenues.

TABLE 20
Sales Tax Revenue Westchester County

<u>Fiscal Year</u>	<u>Gross</u>	<u>County Share</u>
2017	\$525,230,119	\$410,772,156
2016	507,445,900	397,296,155
2015	500,642,409	392,017,318
2014	503,322,529	394,068,933
2013	489,522,517	382,767,743
2012	460,997,517	361,665,155
2011	453,013,940	355,035,883
2010	443,664,755	347,619,070
2009	413,978,855	325,327,065
2008	462,385,067	362,815,056

^(a) Sales Tax for 2018 is budgeted at \$544,506,000 (Gross) and \$426,893,000 (County Share). Actual collections for 2018 through October 31, 2018 are \$424,423,521.22 (Gross) and \$331,759,515.20 (County Share).

Other Revenues

Since 1988, the County has imposed a Hotel Occupancy Tax. Since 1991, the County has imposed a Motor Vehicle Tax. Since 2004, the County has imposed a Mortgage Tax.

	Budget <u>2018</u>	Actual <u>2017</u>	Actual <u>2016</u>	Actual <u>2015</u>	Actual <u>2014</u>
Hotel Occupancy Tax	\$ 6,824,000	\$ 6,449,824	\$ 6,325,138	\$ 6,115,422	\$ 5,581,672
Motor Vehicle Tax	16,427,000	16,168,942	15,855,777	15,905,840	15,345,870
Mortgage Recording Tax	20,711,000	20,141,856	19,718,700	18,396,878	14,951,342

In 2016 State and Federal Aid totaled \$406.4 million. This included \$241.1 million in Federal and State aid for Social Service programs and \$165.3 million for mental health, public health, transportation and other County programs. Of such amounts 44% (\$177.5 million) is Federal aid and 56% (\$228.9 million) is State aid.

In 2017 State and Federal Aid totaled \$401.5 million. This included \$238.7million in Federal and State aid for Social Service programs and \$162.8 million for mental health, public health, transportation and other County programs. Of such amounts 42% (\$168.7 million) is Federal aid and 58% (\$232.8 million) is State aid.

The 2018 Adopted Budget anticipates a total of \$422.5 million of Federal and State aid, which includes \$257.6 million in Federal and State aid for Social Service programs and \$164.9 million for mental health, public health, transportation and other County programs. Of such amounts, approximately 42% (\$175.9 million) is Federal aid and 58% (\$246.6 million) is State aid. Also included in the 2018 budget is a \$19.9 million Appropriation of Fund Balance.

Expenditures

The County's major expenditures are for social services, public health, public safety and transportation. Municipalities and school districts located within the County provide primary police and fire protection, refuse collection and primary and secondary education. General Fund expenditures and other financing uses totaled approximately \$1.791 billion during 2016, of which 31% was spent for economic assistance. The 2017 Audited Operating results for the General Fund expenditures and other financing uses totals approximately \$1.792 billion, of which 32% was spent for economic assistance. The 2018 Adopted Operating Budget for the General Fund expenditures and other financing uses totals approximately \$1.845 billion, with an estimated 33% being spent on economic assistance.

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TABLE 22

Expenditures by Major Category
General Fund
(Dollars in thousands)

	2018 Adopted <u>Budget</u>	2017 <u>Actual</u>	2016 <u>Actual</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
General Government	\$212,524	\$ 205,365	\$ 204,368	\$198,621	\$ 194,069
Education	151,836	149,666	161,350	159,051	155,768
Public Safety	268,416	263,101	241,086	250,718	253,466
Health	37,382	36,684	35,131	37,845	38,194
Transportation	168,178	161,901	158,109	159,311	152,691
Economic Assistance	601,090	572,959	589,547	596,376	599,286
Culture and Recreation	46,200	45,008	44,071	48,100	46,715
Home & Community Services	3,669	5,044	4,285	4,361	3,265
Employee Benefits	259,920	250,540	243,327	223,092	211,317
Cost of Debt Issuance	773	1,077	303	702	351
Debt Service	91,512	97,044	103,037	97,940	97,238
Transfers Out	<u>3,366</u>	<u>3,495</u>	<u>6,136</u>	<u>3,617</u>	<u>3,208</u>
Total Expenditures	<u>\$1,844,866</u>	<u>\$1,791,884</u>	<u>\$1,790,750</u>	<u>\$1,779,734</u>	<u>\$1,755,568</u>

County Deposits and Investments

New York State law strictly limits the investments of county funds and requires counties to designate, with legislative approval, one or more banks or trust companies for the deposit of public funds. All deposits must be made to the credit of the County and all such deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be fully collateralized by “eligible securities” held pursuant to a tri-party agreement (under New York State Law) among the County, each depository bank and each custodian bank. In certain instances the institution that holds the deposit can act as the custodian to the applicable collateral. Eligible securities that the County utilizes as collateral by the banks for benefit of the County, include the following: obligations issued by the United States of America, an agency thereof or a United States Government sponsored corporation or agency; obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America; and obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Collateral agreements entered into by the County must stipulate that eligible securities are pledged by the bank as security for County deposits and must provide the conditions under which the securities held may be valued, sold, presented for payment, or released and the events of default which will enable the County to exercise its rights and define its obligations as they relate to the pledged securities. Such collateral agreements must also provide that pledged securities will be held by a bank as agent and custodian for the County, will be kept separate and apart from the general assets of the bank and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities of the bank.

The County has the power to invest funds of the County not required for immediate expenditure in special time deposit or money market accounts in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State. Any such investments must be payable within such times as the proceeds shall be needed to meet expenditures for which such monies were obtained and must provide that such time deposit account or certificate of deposit be collateralized in the same manner as provided for deposits above. All such temporary investments are structured to be payable or redeemable at the option of the County within such times as the proceeds will be needed by the County. This “matching” investment policy frees the County from having to sell such investments prior to maturity or redemption and thereby avoids market risk for such investments. The County may also make temporary investments of public funds in obligations of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the State of

New York or with the approval of the New York State Comptroller in short-term obligations of State municipal corporations.

The County's written Investment Policy, as approved by the Board, is conservative in practice as well as in design. All trading partners are either primary dealer investment banks chosen from The Federal Reserve Primary Dealer List or highly rated, well capitalized, commercial banks as determined by the County's own strict due diligence review.

Usual County investments consist of money market accounts, Certificates of Deposit, United States Government Bills, bonds or notes backed by the full faith and credit of the United States, and Repurchase Agreements based in the same United States Government securities, under standardized trading partner repurchase agreements. Securities purchased under Repurchase Agreements are held with third party custodians until repurchase date and are marked to market daily, valued at 102% of the Repurchase Agreement contract.

Commercial bank money market accounts and Certificates of Deposit are collateralized with "eligible securities" as described above and held for the benefit of the County.

BUDGETARY PROCESS

The Department of the Budget (the "Budget Department") is by Charter responsible for the formulation and management of the budget and for its execution, revenue estimates, review and financial analysis. The Budget Department assists the County Executive with the preparation of the budget and presentation to the Board of Legislators. Budget formulation commences in June of each year with a call for budget submissions to all County Departments. By September 10th of each year, department heads submit their requests for the next fiscal year with expenditure and revenue estimates. These estimates are reviewed by the Budget Department and the County Executive, and the County Executive's proposed Operating Budget is then presented to the Board on or before November 10. In turn, the Committee on Budget and Appropriations of the Board of Legislators reviews the proposed budget and makes recommendations to amend and/or adopt the budget by December 27. The budget is presented on a department and program basis by object of expenditure and includes the general operating budget for the County, a budget for each of the water, sewer and refuse disposal districts and the capital budget for the County. The capital budget is presented with a five-year plan and is subject to a separate budget process. Not later than May 1st of each year the head of each department, institution, furnishes to the Budget Director, the County Planning Board, and the Capital Projects Committee detailed estimates of any capital projects which should be undertaken within the next five fiscal years. Not later than the tenth day of September, the Planning Board submits to the County Executive, to the Budget Director and the Capital Projects Committee its recommendations. The County Executive submits the Capital Budget along with the report of the Capital Projects Committee to the Board not later than October 15. In turn, the Committee on Budget and Appropriations of the Board reviews the proposed budget and makes recommendations to amend and/or adopt the budget by December 27. The budget is published both in its proposed and adopted form. For the widest possible dissemination, the County's Budget is available on the County's website at <http://www.westchestergov.com>.

The basic format and content of the operating and capital budgets are fixed by Charter. From time to time during the course of a fiscal year, additional appropriations and modifications of the budget may be enacted. Additional appropriations to the current year's budget requires the recommendation of the County Executive and approval of the Board.

FINANCIAL CONTROLS

During the course of the year, the Budget Department, in addition to the Department of Finance, maintains supervision and control over expenditures and appropriations and monitors revenues. At least monthly, reports on the foregoing are rendered. Once adopted, the annual budget is released to the operating departments. No expenditures may be made unless they are included as part of an allocation. The County operates a full encumbrance accounting system based on allocations wherein requisitions, purchase orders and contracts are encumbered. In addition, all capital outlays must receive a separate allocation. Pursuant to the County Charter, with certain exceptions, contracts must receive prior approval by the Board of Acquisition and Contract, comprised of the

Chairman of the Board, the County Executive and the Budget Director. A position control system is maintained with respect to employment. The Commissioner of Finance may not disburse money unless appropriated and allocated and not in excess of the amount of the appropriation or allocation. No appropriation may be used for any purpose other than that for which it is made. All unencumbered balances in the General Fund appropriation for each fiscal year lapse on the last day of the fiscal year.

FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES

Included in this Appendix A is a link to the financial statements of the County for the year ended December 31, 2017 together with the report thereon, dated June 25, 2018, of PKF O'Connor Davies, LLP, independent certified public accountants. Appendix B contains the budget for the 2018 fiscal year, as amended.

RESULTS OF OPERATIONS FOR THE GENERAL FUND FOR THE 2017 FISCAL YEAR, THE BUDGET FOR THE 2018 FISCAL YEAR AND THE PROPOSED 2019 BUDGET

The audited 2017 fiscal year resulted in a year-end unassigned General Fund balance of \$21.8 million compared to the unassigned 2016 General Fund balance of \$56.9 million.

Results 2017

The December 31, 2017 General Fund balance totaled \$134 million. This balance is made up of the following items: unassigned - \$21.8 million, non-spendable - \$25.8 million, and assigned - \$86.4 million. The detail of the assigned balance is as follows: New York State Retirement Stabilization - \$14.8 million, other post employment benefits (GASB 45) - \$41 million, purchases on order - \$6.6, Medicaid claims - \$4.1 million, and for subsequent year's expenditures - \$19.8 million.

Adopted 2018 Budget

The 2018 Adopted Budget tax levy of \$559.4 million is an increase of \$11 million compared to the 2017 tax levy of \$548.4 million. Total expenditures are budgeted at \$1.845 billion, an increase of \$20 million compared to 2017 actual spending of \$1.825 billion. Sales Tax revenues are budgeted at \$544.5 million (29.5% of total), property tax is budgeted at \$559.4 million (30.3% of total), and Federal and State aid is budgeted at \$422.5 million (22.9% of total). Included in the 2018 Adopted Budget is a Fund Balance Appropriation of \$19.8 million.

Proposed 2019 Budget

The County Executive released his 2019 proposed budget on November 9, 2018. The Board of Legislators may modify the proposed budget and must adopt the budget by December 27, 2018. Total expenditures in the proposed budget are \$1.943 billion. Sales tax revenues in the proposed budget are estimated at \$578.7 million (29.8% of total), property tax is estimated at \$570.6 million (29.4% of total), and Federal and State aid is estimated at \$467.6 (24.1% of total).

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EMPLOYEES

As of September 13, 2018, the County provides services through approximately 4,616 full-time equivalent employees; 340 of these employees have been determined to be management level or confidential in nature and thus are not represented by any labor organization. All other employees are in titles that are represented for collective bargaining purposes. As of September 13, 2018, this representation is provided by nine labor organizations, which are:

- The Local 456, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO (the “Teamsters”) representing 130 administrators and managers;
- The Westchester County Correction Officers Benevolent Association (the “COBA”) representing 730 correction officers;
- The Westchester County Correction Department Superior Officers Association (the “SOA”) representing 113 senior assistant wardens, sergeants, captains and specialists;
- The New York State Nurses Association (the “NYSNA”) representing 34 registered nurses in various County departments;
- The Westchester County Police Officers Benevolent Association, Inc. (the “PBA”) representing 268 police officers and sergeants in the Police Division, Public Safety Services;
- The Westchester County Police Officers Benevolent Association, Superior Officers Unit (the “SPBA”) representing 27 Captains and Lieutenants in the Police Division, Public Safety Services;
- The District Attorney Investigators PBA of Westchester County (the “DA Investigators”) representing 34 Criminal Investigators in the District Attorney’s Office;
- The Civil Service Employees Association (the “CSEA”) representing 2,940 employees; and
- The Civil Service Employees Association Local 1000, American Federation of State, County and Municipal Employees Union, AFL-CIO, Westchester County Local 860, Westchester H.O.U.R. Unit (the “HOUR”).

The Primary Government has nine labor organizations which represent most of the County work force for collective bargaining purposes. The status of the various union contracts is as follows:

The County is a party to eight collective bargaining agreements. There are two police contracts which will expire on December 31, 2019, two Corrections contracts which will expire on December 31, 2019, one contract with the Teamsters which will expire on December 31, 2020 and one with the District Attorney Investigators which will expire December 31, 2019. The County’s contract with the New York State Nurses Association will expire December 31, 2021. The CSEA contract will expire December 31, 2021. Each of these contracts is subject to negotiations. One additional bargaining unit consisting of seasonal and part time personnel is represented by CSEA. That group was certified as a bargaining unit several years ago but as of this date has not entered into an agreement with the County. Negotiations with that group will likely resume now that negotiations with the CSEA are completed.

Pension Systems

Defined Benefit Plan

The primary government participates in the New York State and Local Employees’ Retirement System (“ERS”) and the New York State and Local Police and Fire Retirement System (“PFRS”) (collectively the “Systems”). The Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information

for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory with respect to those employees in Tier 1 and Tier 2. Those employees in Tier 3 and Tier 4 having less than ten years of service, must contribute 3% of their salary. Those employees in Tier 5 contribute 3% of their salary without regard to their years of service. Tier 6 members are required to contribute from 3% to 6% of their salaries based on a sliding scale toward pension costs as long as they accumulate additional pension credits. Contributions are certified by the State Comptroller and expressed as a plan. Contribution rates applicable to the County for the plan year ended March 31, 2019 are as follows:

TABLE 23

	<u>Tier</u>	<u>Rates</u>
ERS	1	21.6%
	2	19.6% - 24.1%
	3	15.8% - 15.9%
	4	15.8% - 24.8%
	5	13.0% - 22.5%
	6	9.3% -18.1%
PFRS	2	24.0%
	3	23.7%
	5	19.4%
	6	14.4%

The County's expense in connection with the Systems is funded on an actuarial basis provided by the State and the billing is on a fiscal year basis of April 1 to March 31. In 2018 the County plans to amortize the maximum allowable ERS contribution (2019 annual invoice due February 1, 2019) of \$4,304,030, and anticipates that the gross bills for ERS and PFRS will be \$69,344,983 and \$11,627,054, respectively.

The County's cost for the last five years is set forth in Table 24:

TABLE 24

Payments to Employees' Retirement System

	<u>Years Ended December 31</u>				
	<u>2017^(a)</u>	<u>2016^(b)</u>	<u>2015^(c)</u>	<u>2014^(d)</u>	<u>2013^(e)</u>
ERS	\$65,666,470	\$66,986,134	\$60,990,054	\$56,395,201	\$49,555,181
PFRS	<u>11,720,473</u>	<u>11,168,677</u>	<u>8,126,385</u>	<u>11,201,208</u>	<u>7,141,711</u>
Total Payment	<u>\$77,386,943</u>	<u>\$78,154,811</u>	<u>\$69,116,439</u>	<u>\$67,596,409</u>	<u>\$56,696,892</u>

^(a) In 2017 the County elected to amortize the maximum allowable ERS contribution (2018 Annual invoice due Feb. 1, 2018) of \$3,894,909. Therefore, gross bills for ERS and PFRS were \$69,561,379 and \$11,720,473, respectively.

^(b) In 2016 the County elected to amortize a portion of the ERS and PFRS contributions (2017 Annual Invoice due February 1, 2017) of \$4,295,325 and \$179,223, respectively. Therefore, gross bills for ERS and PFRS are \$71,281,459 and \$11,347,900, respectively.

^(c) In 2015 the County elected to amortize a portion of the ERS and PFRS contributions (2016 Annual Invoice due February 1, 2016) of \$14,087,528 and \$109,163, respectively. Therefore, gross bills for ERS and PFRS were \$75,077,582 and \$8,235,548, respectively.

^(d) In 2014 the County elected to amortize a portion of the ERS and PFRS contributions (2015 Annual invoice due Feb. 1, 2015) of \$19,131,233 and \$7,539,106 respectively. Therefore, gross bills for ERS and PFRS were \$75,526,434 and \$18,740,314, respectively.

^(e) In 2013 the County elected to amortize a portion of the ERS and PFRS contributions (2014 Annual invoice due Feb. 1, 2014) of \$40,877,835 and \$2,741,892 respectively. Therefore, gross bills for ERS and PFRS were \$90,433,016 and \$9,883,603, respectively.

Defined Contribution Plan

The New York State Voluntary Defined Contribution Program (VDC) is a defined contribution Retirement Plan and is an alternative option to the defined benefit plans described above. The VDC Program includes an employee and employer contribution. The employee contribution is required for the duration of employment. The employer contribution rate currently is 8% of gross salary. Retirement benefits will depend on the value of individually owned retirement contracts purchased and issued by one or more of the authorized investment providers.

Eligibility for the NYS VDC Program is limited to unrepresented employees hired on or after July 1, 2013 with an estimated annual salary rate of \$75,000 or greater. Vesting occurs after 366 days of active service. All contributions will become the property of, and all investments will be directed by, the participant upon vesting.

GASB 45 and Other Post-employment Benefits (OPEB)

The County provides post-retirement employment benefits to various categories of former employees. Those benefits are funded on a pay-as-you-go basis. Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 45 (GASB 45), all governmental entities are now required to report the estimated cost of the accrued liability for such post-employment benefits. Governments, including the County, with budgeted revenues in excess of \$100 million, must report that liability on an annual basis.

GASB 45 requires governments 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. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require governments to report a net OPEB obligation initially.

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality account for its unfunded accrued liability and compliance in meeting its ARC. The County contracted with SG Risk to perform the OPEB study and actuarial calculation. The County's total actuarial accrued liability reported in the 2017 audited financial report was determined to be \$2.333 billion. The County's ARC was \$207.710 million for 2017.

Actuarial valuations are required every two years since the County's OPEB plan has more than 200 members.

LITIGATION

The County, its officers, and its employees are the defendants in a number of lawsuits. The County Department of Law, headed by the County Attorney, has determined that there are no pending lawsuits which will have the potential for an expenditure of more than \$5,000,000 in excess of any amounts not provided for in the self insurance reserves, except as noted below.

With regard to the other pending litigation, it is the opinion of the County Attorney that the final determination of such litigation, either individually or in the aggregate, would not materially affect the County's financial position.

The County also receives numerous notices of claim each year. These notices, however, are usually not explicit enough for the County Attorney to accurately ascertain their potential for liability to the County.

Certiorari Proceedings. The various towns and cities within the County are defendants in numerous certiorari proceedings, the results of which generally require tax refunds on the part of the County. The dollar value of the actions currently pending is not available. General Fund refunds of \$8,871,967 and \$7,468,562 were expended in 2016 and 2017, respectively. For 2018, the County has budgeted \$7,400,000 for expected certiorari claims.

In 2006, a lawsuit was filed against the County of Westchester entitled United States of America ex rel. Anti-Discrimination Center of Metro New York, Inc. v. Westchester County, New York, concerning the use of federal funds for affordable housing and community development projects. The parties reached an agreement and on August 10, 2009, a Stipulation and Order of Settlement of Dismissal was filed whereby the County is required to, among other things, expend a total of \$62,500,000. Initial payments totaling \$32,500,000 were made by the County as follows: \$30,000,000 was paid to the United States in full settlement of all claims and \$2,500,000 was paid to the opposing counsel. The United States will credit \$21,600,000 of the initial payment to the County's Housing and Urban Development (HUD) account for use by the County to affirmatively further fair housing pursuant to Community Development Block Grant (CDBG) regulations. The remaining \$30,000,000 will be spent on specific affordable housing projects as they are identified and subject to legislative approval of each such expenditure. There have been no material changes in the terms of the Stipulation and Order of Settlement and Dismissal.

On August 6, 2013, the United States Attorney for the Southern District of New York on behalf of the United States Environmental Protection Agency filed a complaint against the County of Westchester in the United States District Court for the Southern District of New York (United States of America v. The County of Westchester, New York 13 CV 5475). The complaint alleges non-compliance with the Safe Drinking Water Act and Enhanced Surface Water Treatment Rule by Westchester County Water District No. 1 and seeks injunctive relief and monetary fines. The action has been resolved pursuant to a Consent decree entered and filed on September 2, 2015.

On August 11, 2015, Connecticut Fund for the Environment, Inc. d/b/a Save the Sound filed a complaint against the County of Westchester in the United States District Court for the Southern District of New York (Connecticut Fund for the Environment, Inc. d/b/a Save the Sound v. Westchester County, New York 15 CV 6323). The complaint alleges non-compliance with the Clean Water Act by Westchester County and seeks declaratory and injunctive relief and civil penalties. Subsequent to the filing of this action, plaintiff Connecticut Fund for the Environment, Inc. served a "Notice of Violation and Intent to File Suit under the Clean Water Act" ("August Notice") on the County and the eleven local municipalities named in the lawsuit. As a result of the August Notice, Plaintiff and the County entered into a stipulation, with the Court's approval, that extended the County's time to respond until the date that the eleven municipalities were required to respond to a lawsuit filed pursuant to that notice. On November 4, 2015, Connecticut Fund For the Environment, Inc., d/b/a Save the Sound, joined by Soundkeeper, Inc. and Atlantic Clam Farms of Connecticut, Inc. filed an Amended Complaint, which named the County and added eleven local municipalities as defendants. After service of the Amended Complaint, the date to file an answer or pre-motion letter had been set as November 27, 2015 ("Response Date") for each of the local municipalities, and for the County in accordance with the previous stipulation. Defendants jointly requested, and the Court consented, to extending the Response Date to January 26, 2016, and then further extended to April 25, 2016. At a conference held prior to April 25, 2016, the District Court indefinitely adjourned the Response Date while the parties discuss potential resolution. At a conference held on April 18, 2017, the District Court continued this adjournment.

Yonkers Contracting Company, Inc. v. The County of Westchester, et al. (Supreme Court: Westchester County Index No.: 63929/2015). On August 26, 2015, Yonkers Contracting Company, Inc. ("Yonkers") filed and served a civil complaint against the County of Westchester and nine (9) other defendants claiming monetary damages for delays and inefficiencies occurring during the construction of the Composite Performance Implementation and Expansion to the New Rochelle Wastewater Treatment Plant under County Contract No. 08-540 and the construction of the Biological Nutrient Removal Facilities at the New Rochelle Wastewater Treatment Plant under County Contract No. 09-514. The complaint alleges monetary damages in the amount of \$37,760,000. The time for all defendants to formally answer the complaint was extended to May 23, 2016. Answers were served/filed by all defendants. Motions for dismissal of plaintiff's complaint were denied by the Court. The matter is in the discovery stage; discovery and depositions are on-going.

105 Mt. Kisco Assoc., et. al v. Carozza, Westchester County Department of Health, et. al. 105 Mt. Kisco Associates filed suit under Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) claiming, inter alia, that the County Department of Health was involved in activities that caused contamination to its real property. The County submitted a motion to dismiss, and successfully argued that only one remediation action could occur on the site and the statute of limitations found in the CERCLA statute applied to remediation activities that previously occurred on the site. Plaintiffs filed an amended complaint and a further motion to dismiss is now pending.

Self Insurance

The County, in 1986, pursuant to the authority granted under New York General Municipal Law (“GML”) Section 6-n, is self-funding its casualty and liability exposures, including exposure for general, automobile, professional, and public officials, with certain exceptions where insurance coverage applies, as well as medical malpractice exposures deriving from the activities of the Westchester County Medical Center (the “6-n Fund”). The County’s medical malpractice exposures from the Westchester County Medical Center were limited after 1998 when the Westchester County Health Care Corporation took over those responsibilities. In 1989, pursuant to the authority granted under GML Section 6-j, the County began self-funding the administration and payment of its worker’s compensation claims (the “6-j Fund”). (The 6-n Fund and the 6-j Fund are collectively referred to as “Self-Insurance Funds.”)

The Laws of Westchester County section 295.21 provides that payment into the 6-n Fund during any fiscal year “shall not exceed \$33,000.00 or 1 2/3 per centum of the total budget for such fiscal year, whichever is the greater amount”.

Accordingly, the County has retained the services of an independent actuary to evaluate its loss history and provide recommendations in establishing the County’s liabilities for all past claims and its funding for future claims.

The actuary has certified as to the adequacy of the amount accrued as of December 31, 2017 for claims arising from 1986 through 2017 exposures, including a provision for incurred but not reported claims.

Of those cases instituted after the December 31, 2017 actuarial estimates which are covered by the County’s Self-Insurance Funds, none is expected to result in exposure in excess of \$5,000,000. The 6-n Fund retains an adequate and sufficient unallocated reserve to pay for claims exceeding that amount, as a contingency, in lieu of purchasing commercial insurance policies.

See “WESTCHESTER COUNTY - Utility Services” herein for a discussion of certain administrative proceedings involving the County and State and federal environmental regulatory agencies, relating to the County’s obligations to provide certain sewage treatment and sludge disposal facilities.

TAX MATTERS

TAX MATTERS — SERIES A BONDS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County for the Series A Bonds (“Series A Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. The Tax Certificate of the County (the “Tax Certificate”) which will be delivered concurrently with delivery of the Series A Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Series A Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County and others in connection with the Series A Bonds, and Series A Bond Counsel has assumed compliance by the County with certain provisions and

procedures set forth in the Tax Certificate relating to compliance with certain applicable requirements of the Code to assure the exclusion of interest on the Series A Bonds from gross income under Section 103 of the Code.

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

Series A Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series A Bonds, or the ownership or disposition thereof, except as stated above. Series A Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Series A Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Series A Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series A Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond or note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in

the initial sale of the Series A Bonds. In general, the issue price for each maturity of Series A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Series A Bond Counsel further is of the opinion that, for any Series A Bonds having OID (a “Tax-Exempt Discount Obligation”), OID that has accrued and is properly allocable to the owners of interests in the Tax-Exempt Discount Obligations under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series A Bonds.

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

Owners of Tax-Exempt Discount Obligations should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of interests in Tax-Exempt Discount Obligations.

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

TAX MATTERS — SERIES B BONDS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County for the Series B Bonds ("Series B Bond Counsel"), interest on the Series B Bonds (the "Federally Taxable Obligations") (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Federally Taxable Obligations by original purchasers of the Federally Taxable Obligations who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Federally Taxable Obligations will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Federally Taxable Obligations as a position in a "hedge" or "straddle", holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Federally Taxable Obligations in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Federally Taxable Obligations should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Federally Taxable Obligations as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a holder of a Federally Taxable Obligation having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Federally Taxable Obligation) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Federally Taxable Obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Federally Taxable Obligations; "qualified stated interest" is stated interest that is unconditionally payable in

cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Federally Taxable Obligation’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Federally Taxable Obligation using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Obligations

Each holder of a Federally Taxable Obligation with a maturity not longer than one year (a “Short-Term Taxable Obligation”) is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Obligation is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Obligation accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Obligation at maturity over the holder’s tax basis therefor.

A holder of a Short-Term Taxable Obligation not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder’s regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a Federally Taxable Obligation is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Federally Taxable Obligation other than “qualified stated interest” (a “Taxable Premium Obligation”), that Taxable Premium Obligation will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Obligation elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Obligation, determined based on constant yield principles (in certain cases involving a Taxable Premium Obligation callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder’s basis in the Taxable Premium Obligation. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Obligation may realize a taxable gain upon disposition of the Taxable Premium Obligation even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Federally Taxable Obligations, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Federally Taxable Obligation.

The County may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Federally Taxable Obligations to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Federally Taxable Obligations subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Federally Taxable Obligations with respect to payments of principal, payments of interest, and the accrual of OID on a Federally Taxable Obligation and the proceeds of the sale of a Federally Taxable Obligation before maturity within the United States. Backup withholding may apply to holders of Federally Taxable Obligations under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Federally Taxable Obligation that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Federally Taxable Obligations under state law and could affect the market price or marketability of the Federally Taxable Obligations.

Prospective purchasers of the Federally Taxable Obligations should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS — SERIES C BONDS

Tax Exemption

The delivery of the Series C Bonds is subject to the opinion of Norton Rose Fulbright US LLP, Bond Counsel to the County for the Series C Bonds ("Series C Bond Counsel") to the effect that interest on the Series C Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of 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. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Series C Bond Counsel will rely upon representations and certifications of the County made in a certificate (the "Tax Certificate") dated the date of delivery of the Series C Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series C Bonds and will assume continuing compliance by the County with the provisions of the Tax Certificate subsequent to the issuance of the Series C Bonds. The Tax Certificate contains covenants by the County with respect to, among other matters, the use of the proceeds of the Series C Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series C 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 C Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

Series C 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 County described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Series C Bond Counsel, and Series C 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 C Bonds is commenced, under current procedures the IRS is likely to treat the County as the “taxpayer,” and the owners of the Series C 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 C Bonds, the County may have different or conflicting interests from the owners of the Series C Bonds. Public awareness of any future audit of the Series C Bonds could adversely affect the value and liquidity of the Series C Bonds during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Series C Bond Counsel, under existing law interest on the Series C 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, Series C 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 C Bonds. Prospective purchasers of the Series C Bonds should be aware that the ownership of tax-exempt obligations such as the Series C 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 C 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 C Bonds. Prospective purchasers of the Series C Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Series C Bonds

The initial public offering price of certain Series C Bonds (the “Discount Bonds”) may be less than the amount payable on such Series C 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 C 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 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 C Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Series C 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.

In rendering its opinion, Series C Bond Counsel will rely on the approving opinion of Bond Counsel to the County with respect to the Series A Bonds as to the validity and legality of the Series A Bonds and as to the exclusion of interest thereon from the gross income of the owners thereof for federal income tax purposes.

RATINGS

The Bonds have been assigned a rating of "Aa1" (negative outlook) by Moody's Investors Service ("Moody's"), "AA+" (negative outlook) by Standard and Poor's Corporation ("S&P") and "AA+" (stable outlook) by Fitch Ratings ("Fitch").

An explanation of the significances of such ratings may be obtained from Moody's, S&P, and Fitch. The ratings reflect the views of such rating agencies, based on information and materials furnished to them and on investigations, studies and assumptions made by such rating agencies, and the County makes no representation as to the appropriateness of the ratings. Further, there is no assurance that such ratings will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely if, in the sole judgment of such rating agencies, circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Bonds. The County undertakes no responsibility after issuance of the Bonds to assure the maintenance of the ratings or to oppose any revision, suspension or withdrawal thereof.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LEGAL OPINIONS

Legal Matters - Series A Bonds

The legality of the authorization and issuance of the Series A Bonds will be covered by the unqualified legal opinion of Hawkins Delafield & Wood LLP, Series A Bond Counsel, New York, New York. Such legal opinion will be delivered in substantially the form attached hereto as "APPENDIX E".

Legal Matters - Series B Bonds

The legality of the authorization and issuance of the Series B Bonds will be covered by the unqualified legal opinion of Hawkins Delafield & Wood LLP, Series B Bond Counsel, New York, New York. Such legal opinion will be delivered in substantially the form attached hereto as "APPENDIX F".

Legal Matters - Series C Bonds

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

MUNICIPAL ADVISOR

The County has retained Capital Markets Advisors, LLC of Great Neck, New York, as Municipal Advisor in connection with the issuance and sale of the Bonds. Capital Markets Advisors, LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. Capital Markets Advisors, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County are prepared by the Department of Finance, Department of Budget and independent certified public accountants of the County. In addition, the County regularly receives reports from consultants, commissions and special task forces relating to various aspects of the County's financial affairs, including capital projects, County services, taxation, revenue estimates, pensions and other matters. Additional copies may be obtained upon request from the office of the Commissioner of Finance, Ann Marie Berg, at (914) 995-2757. **This Official Statement is also available electronically on the Internet at www.capmark.org.**

Any questions on any financial aspect of the County may be directed to the Commissioner of Finance, Ann Marie Berg, at (914) 995-2757.

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

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

COUNTY OF WESTCHESTER, NEW YORK

By: /s/ Ann Marie Berg
Commissioner of Finance and Chief Fiscal Officer

Dated: November 29, 2018

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Form of Legal Opinion of Hawkins Delafield & Wood LLP— Series B Bonds F-1

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Form of Undertaking to Provide Continuing DisclosureH-1

Note: Appendix C has been extracted from Westchester County's Comprehensive Annual Financial Report (CAFR) for the Year Ending December 31, 2017. As such, some references are made to specific page numbers or exhibits that do not correspond to this Official Statement. A complete copy of the County's 2017 CAFR can be accessed at www.westchestergov.com/finance (Finance Department). Alternately, you may contact the Office of the Commissioner of Finance (see Additional Information, herein).

**AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED
DECEMBER 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/ES1317110.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 Certified Public Accountants has not been requested by the County to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement

APPENDIX B

APPENDIX C

APPENDIX D

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

The Board of Legislators
County of Westchester, New York

December 10, 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Westchester (the “County”), New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$163,715,000 General Obligation Bonds-2018 Series A (Tax-Exempt) (the “Bonds”), dated and delivered on the date hereof. The Bonds were sold and are issued contemporaneously with the \$9,810,000 General Obligation Bonds-2018 Series C (the “Series C Bonds”).

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

The Bonds are treated, together with the Series C Bonds, as a single issue for Federal tax purposes. We have served as bond counsel with respect to the issuance of the Bonds and will render our opinion with respect to the validity and legality of the Bonds and the exclusion of interest thereon from gross income of the owners thereof for Federal income tax purposes in substantially the form set forth below and subject to the same conditions and limitations set forth herein. Norton Rose Fulbright US LLP has served as bond counsel with respect to the Series C Bonds and, on the date hereof, has rendered its opinion as to the validity and legality of the Series C Bonds and as to the exclusion of interest thereon from gross income of the owners thereof for Federal tax purposes. In connection with the following opinions, we have relied on and assumed the correctness of our opinion with respect to the Bonds and the opinion of Norton Rose Fulbright US LLP with respect to the Series C Bonds. Noncompliance with the conditions and limitations set forth herein and the conditions and limitations set forth in our opinion with respect to the Bonds and in the opinion of Norton Rose Fulbright US LLP with respect to the Series C Bonds may cause interest on the Bonds and the Series C Bonds to become subject to Federal income taxation retroactive to the date hereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

2. Under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

In rendering the opinion in paragraph 2 hereof, we have relied upon and assumed (i) the material accuracy of the County's representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the County with the procedures and certifications set forth in the Tax Certificate as to such tax matters. We have also relied on the approving opinion of bond counsel with respect to the Series C Bonds as to the validity and legality of such bonds and as to the exclusion of interest thereon from gross income of the owners thereof for federal tax purposes.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Official Statement of the County relating to the Bonds, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relating to the Bonds, which have been or may be furnished or disclosed to purchasers of the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

The Board of Legislators
County of Westchester, New York

December 10, 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Westchester (the “County”), New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$8,630,000 General Obligation Bonds-2018 Series B (Federally Taxable) (the “Bonds”), dated and delivered on the date hereof.

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

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

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

2. Interest on the Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

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

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

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

We give no assurances as to the adequacy, sufficiency or completeness of the Official Statement of the County relating to the Bonds, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relating to the Bonds, which have been or may be furnished or disclosed to purchasers of the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022

December 10, 2018

County of Westchester,
State of New York

Re: County of Westchester, New York
\$9,810,000 General Obligation Bonds-2018 Series C

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$9,810,000 General Obligation Bonds-2018 Series C (the "Obligation"), of the County of Westchester, New York (the "Obligor"), dated December 10, 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, and we have relied upon the approving opinions of Hawkins Delafield & Wood LLP, Bond Counsel to the Obligor with respect to the Obligor's of \$163,715,000 General Obligation Bonds-2018 Series A (Tax-Exempt) (the "Series A Bonds") and, as to the validity and legality of the Series A Bonds and as to the exclusion of interest thereon from gross income of the owners thereof for federal income tax purposes. 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 in certain cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the 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. 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,

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the **County of Westchester**, a municipal corporation of the State of New York.

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

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

“Securities” shall mean the Issuer’s \$163,715,000 General Obligation Bonds-2018 Series A (Tax-Exempt), dated December 10, 2018, in various principal amounts on December 1 in each of the years 2019 to 2029, inclusive, \$8,630,000 General Obligation Bonds-2018 Series B (Federally Taxable), dated December 10, 2018, in various principal amounts on November 1 in each of the years 2019 to 2031, inclusive, and \$9,810,000 General Obligation Bonds-2018 Series C (Tax-Exempt), dated December 10, 2018, maturing in various principal amounts on December 1 in each of the years 2019 to 2036, inclusive, and delivered on the date hereof.

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

- (i) not later than the last day of the ninth month following the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for each fiscal year commencing with the fiscal year ending December 31, 2018, if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than the last day of the succeeding fiscal year; provided, however, that the unaudited financial statement shall be provided for any fiscal year only if the County has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933.
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

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

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer

disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "COUNTY OF WESTCHESTER," "COUNTY INDEBTEDNESS," "FINANCIAL FACTORS," "BUDGETARY PROCESS," "FINANCIAL CONTROLS," "FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES," "RESULTS OF OPERATIONS FOR THE GENERAL FUND FOR THE 2016 FISCAL YEAR AND THE BUDGETS FOR THE 2017 AND 2018 FISCAL YEARS," "EMPLOYEES," "MARKET FACTORS," and "LITIGATION".

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **December 10, 2018**.

COUNTY OF WESTCHESTER

By _____
Commissioner of Finance and Chief Fiscal Officer