

In the opinion of Bond Counsel to the City, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the City, interest on the Bonds and the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the Federal alternative minimum tax imposed on individuals and, for tax years beginning prior to January 1, 2018, the Federal alternative minimum tax imposed on corporations; interest on the Bonds and the Notes is, however, included in "adjusted current earnings" for purposes of calculating the Federal alternative minimum tax imposed on certain corporations with respect to tax years beginning prior to January 1, 2018. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Bonds and the Notes. See "TAX MATTERS" herein.

The Bonds and the Notes will NOT be designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**CITY OF LONG BEACH
NASSAU COUNTY, NEW YORK**

\$26,206,870
PUBLIC IMPROVEMENT SERIAL BONDS – 2018
(the "Bonds")
PURCHASED BY: SAMCO CAPITAL MARKETS

Date of Issue: Date of Delivery

Maturity Date: September 15, 2018 – 2030

\$18,291,000
2.00% BOND ANTICIPATION NOTES – 2018 SERIES A
(Reoffered @ 1.68%)
(the "Notes")
PURCHASED BY: TD SECURITIES (USA) LLC

Date of Issue: February 14, 2018

Maturity Date: February 14, 2019

The Bonds and the Notes are general obligations of the City of Long Beach, Nassau County, New York, (the "City") and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York (see "TAX INFORMATION - Tax Levy Limitation Law" in Appendix A hereto).

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on September 15, 2018 and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See "Optional Redemption" herein).

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

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

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for all maturities of the Bonds (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included in Appendix D to this Official Statement.



The Bonds and the Notes are offered when, as and if issued by the City subject to the final approving opinion of Harris Beach PLLC, Hempstead, New York, Bond Counsel to the City, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the City in connection with the issuance of the Bonds and the Notes. It is expected that delivery of the Bonds and the Notes will be made on or about February 14, 2018 through the facilities of DTC.

FOR A DESCRIPTION OF THE CITY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AND NOTES AS DESCRIBED IN THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, SEE "DISCLOSURE UNDERTAKING FOR THE BONDS" AND DISCLOSURE UNDERTAKING FOR THE NOTES " HEREIN.

Dated: February 6, 2018

The Bonds will mature on September 15 in the years and amounts, subject to optional redemption, as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>QUSIP</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>QUSIP</u>
2018	\$1,646,870	2.00%	1.50%	542519 BC6	2025	\$2,055,000	3.00%	2.46%	542519 BK8
2019	1,755,000	2.00	1.60	542519 BD4	2026	2,115,000*	3.00	2.58	542519 BL6
2020	1,795,000	2.00	1.74	542519 BE2	2027	2,185,000*	3.00	2.78	542519 BM4
2021	1,840,000	2.00	1.87	542519 BF9	2028	2,255,000*	3.00	2.85	542519 BN2
2022	1,885,000	2.00	2.04	542519 BG7	2029	2,330,000*	3.00	2.95	542519 BP7
2023	1,940,000	2.25	2.18	542519 BH5	2030	2,410,000*	3.00	3.01	542519 BQ5
2024	1,995,000	2.50	2.29	542519 BJ1					

* Subject to optional redemption prior to maturity.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented in “Appendix D –Municipal Bond Insurance and Specimen Policy”.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the City. 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 and the Notes 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 City 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 City since the date hereof.

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**CITY OF LONG BEACH
NASSAU COUNTY, NEW YORK**

ACTING CITY MANAGER

MICHAEL TANGNEY

CITY COUNCIL

ANTHONY ERAMO..... PRESIDENT

CHUMI R. DIAMOND..... VICE PRESIDENT

JOHN BENDO MEMBER

SCOTT J. MANDEL..... MEMBER

ANISSA D. MOORE MEMBER

ERIN D'ANTONIO ACTING COMPTROLLER

MICHAEL H. ROBINSON CITY TREASURER

DAVID FRASER CITY CLERK

ROBERT AGOSTISI, ESQ. CORPORATION COUNSEL

**BOND COUNSEL
HARRIS BEACH PLLC
*Hempstead, New York***

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 487-9818

OFFICIAL STATEMENT
CITY OF LONG BEACH
NASSAU COUNTY, NEW YORK

Relating to

\$26,206,870
PUBLIC IMPROVEMENT SERIAL BONDS - 2018

And

\$18,291,000
BOND ANTICIPATION NOTES – 2018 SERIES A

This Official Statement including the cover page and appendices hereto, has been prepared by the City of Long Beach, Nassau County, New York, (the “City”, “County”, and “State”, respectively) and presents certain information relating to the City’s \$26,206,870 Public Improvement Serial Bonds – 2018 (the “Bonds”) and \$18,291,000 Bond Anticipation Notes – 2018 Series A (the “Notes”).

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the “State”) 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 Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the Notes and such proceedings.

THE BONDS

Description of the Bonds

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on September 15, 2018 and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See “*Optional Redemption*” herein).

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

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

The record payment date for the payment of principal of and interest on the Bonds is the last business day of the calendar month preceding each interest payment date.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the City Charter, the Local Finance Law and various bond ordinances duly adopted by the City Council on their respective dates. The proceeds from the sale of the Bonds in the amount of \$26,206,870, together with \$803,000 in available funds, will be used to redeem a \$16,685,500 portion of the City’s \$17,185,500 Bond Anticipation Notes – 2017 Series A, all of the City’s \$2,200,000 Bond Anticipation Notes – 2017 Series B and a \$8,124,370 portion of the City’s \$21,427,370 Bond Anticipation Notes – 2017 Series C at maturity for various capital projects.

<u>Purpose</u>	<u>Resolution Number</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Amount to Bonds</u>
Replace/Repair Sand Filter	2092/14	\$ 98,000	\$ 2,000	\$ 96,000
Replace/Repair Sand Filter	2096/15	385,500	16,000	369,500
Superblock Litigation	2099/15	15,360,000	785,000	14,575,000
Design of Roadways	3005/16	75,000	0	75,000
Roadway Reconstruction	3005/16	2,650,000	0	2,650,000
Curb/Sidewalk Improvements	3005/16	400,000	0	400,000
Parking Lot Rehabilitation	3005/16	100,000	0	100,000
Stormwater Remediation	3005/16	50,000	0	50,000
Streetscaping	3005/16	250,000	0	250,000
Tide Flex Valve Installation - Various	3005/16	125,000	0	125,000
Vehicle Replacements- General Fund	3005/16	35,000	0	35,000
Vehicle Replacements- Police	3005/16	135,000	0	135,000
Fire Department - Ambulance	3005/16	195,000	0	195,000
Various Equipment- General Fund (5 Year PPU)	3005/16	139,800	0	139,800
Fire Department Equipment	3005/16	45,000	0	45,000
Improvements to Various City Buildings	3005/16	663,000	0	663,000
Improvements to Various Recreational Areas	3005/16	589,570	0	589,570
Police Department - Signage Material	3005/16	50,000	0	50,000
Various Technology Equipment	3005/16	162,000	0	162,000
Tree Replanting	3005/16	75,000	0	75,000
Playground Equipment Replacement - Various	3005/16	25,000	0	25,000
Machinery/Equipment - DPW	3005/16	280,000	0	280,000
Sandy Recovery Services	3005/16	100,000	0	100,000
Phone System Upgrade	3005/16	250,000	0	250,000
Sewer System Improvements	3005/16	500,000	0	500,000
Sewer Maint - Equipment/Vehicles	3005/16	35,000	0	35,000
System Upgrades - Various	3005/16	200,000	0	200,000
Water Distribution - Equipment/Vehicles	3005/16	175,000	0	175,000
City Hall - 6th Floor Renovation (Various City Bldgs)	2096/15	150,000	0	150,000
ADA Bathrooms (Various City Bldgs)	2096/15	75,000	0	75,000
Phone Equipment & Software (City-wide Equip Acq)	2096/15	95,000	0	95,000
Sewer System Improvements	3001/16	500,000	0	500,000
Police Department - Technology Upgrades	3005/16	92,000	0	92,000
Police Department - Plate Reader	3005/16	150,000	0	150,000
Sewer System Improvements	3005/16	525,000	0	525,000
Pipe and Valve Replacement - Various	3005/16	75,000	0	75,000
Separation Payments for City Employees	1021/17	<u>2,200,000</u>	<u>0</u>	<u>2,200,000</u>
Total:		<u>\$27,009,870</u>	<u>\$803,000</u>	<u>\$26,206,870</u>

THE NOTES

Description of the Notes

The Notes will be dated and will mature as described on the cover page hereof. The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the City referred to therein.

The Notes will be issued in registered book-entry form registered to Cede & Co., as the partnership nominee for DTC.

The Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to the purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Paying Agent to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for the maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See “Book-Entry-Only System” herein.

The City will act as Paying Agent for the Notes. The City’s contact information is as follows: Erin D’Antonio, Acting City Comptroller, 1 West Chester Street, Long Beach, NY 11561, Phone: (516) 705-7225, Fax: (516) 431-1730.

Authorization for and Purpose of the Notes

The Notes are being issued pursuant to the Constitution and Laws of the State, including among others, the City Charter, the Local Finance Law and various bond ordinances duly adopted by the City Council on their respective dates. A portion of the proceeds from the sale of the Notes in the amount of \$13,803,000 will be used to redeem a \$500,000 portion of the City’s \$17,185,500 Bond Anticipation Notes – 2017 Series A and a \$13,303,000 portion of the City’s \$21,427,370 Bond Anticipation Notes – 2017 Series C at maturity to provide renewal financing for various capital purposes in and for the City as shown in the table below. A portion of the proceeds from the sale of the Notes in the amount of \$4,488,000 will be used to provide original financing for various capital purposes in and for the City as shown in the table below.

<u>Purpose</u>	<u>Resolution Number</u>	<u>Amount Outstanding</u>	<u>New Money</u>	<u>Amount to Notes</u>
Eco Dev - Infrastructure Improvements	2096/15	\$ 500,000	\$ 0	\$ 500,000
Roadway Reconstruction – Various	3013/17	2,000,000	0	2,000,000
Streetscaping	3013/17	25,000	0	25,000
Create Parking Field Behind Central Garage	3013/17	175,000	0	175,000
Tide Flex Valve Installation – Various	3013/17	25,000	0	25,000
Various Vehicles – General Fund	3013/17	57,500	0	57,500
Transportation Equipment	3013/17	710,000	0	710,000
Transportation – Buses	3013/17	1,068,000	0	1,068,000
Various Building Improvements – General Fund	3013/17	3,048,000	0	3,048,000
Public Safety Equipment – Various	3013/17	191,500	0	191,500
Police Department – Vehicles	3013/17	170,000	0	170,000
Police Department – Traffic Signage Material	3013/17	50,000	0	50,000
Recreation Center Improvements	3013/17	640,000	0	640,000
Machinery/Equipment – DPW Light Duty	3013/17	86,000	0	86,000
Machinery/Equipment – DPW – Heavy Duty	3013/17	415,000	0	415,000
Highway Utility Truck	3013/17	40,000	0	40,000
Highway Street Sweeper	3013/17	290,000	0	290,000
Sanitation Trucks	3013/17	275,000	0	275,000
Various Design Work	3013/17	150,000	0	150,000
Eco Dev – EAF and EIS for Comp Plan	3013/17	100,000	0	100,000
Sandy Recovery Services	3013/17	20,000	0	20,000
Various Software	3013/17	64,000	0	64,000
Various Technology Equipment	3013/17	168,000	0	168,000
WWTP – Misc. Bldg Repairs	3013/17	50,000	0	50,000
Sewer System Equipment – Various	3013/17	1,075,000	0	1,075,000
Sewer System Upgrades – Various	3013/17	1,075,000	0	1,075,000
GIS Mapping – Sewer	3013/17	100,000	0	100,000
Water System Upgrades – Various	3013/17	700,000	0	700,000
Various Plant Improvement	3013/17	50,000	0	50,000
GIS Mapping - Water	3013/17	100,000	0	100,000
Two Ambulance Chassis	3018/17	185,000	0	185,000
Beach Comfort Stations/Lifeguard Headquarters	3018/17	200,000	0	200,000
Starkman Judgment	3018/17	0	656,000	656,000
SUN NLF Judgments	3099/15	0	1,735,000	1,735,000
System Upgrades – Various	3005/16	0	2,000,000	2,000,000
WWTP - Misc. Bldg Repairs	3005/16	0	50,000	50,000
Various Technology Equipment	3005/16	0	25,000	25,000
Various Equipment – General Fund	3005/16	0	7,755	7,755
Various Software	3005/16	0	14,245	14,245
		<u>0</u>	<u>14,245</u>	<u>14,245</u>
Total:		<u>\$13,803,000</u>	<u>\$4,488,000</u>	<u>\$18,291,000</u>

THE BONDS AND THE NOTES

Optional Redemption of the Bonds

Call Provisions. The Bonds maturing on or before September 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing on or after September 15, 2026 will be subject to redemption prior to maturity, at the option of the City, on any date on or after September 15, 2025, 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 equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Selection of Bonds to be Redeemed. So long as DTC or a successor securities depository is the sole registered owner of the Bonds, the City will cause notice of redemption to be given only to DTC as registered owner. The selection of the book-entry interests within each bond maturity to be redeemed will be done in accordance with DTC procedures. See “Book-Entry- Only System” herein regarding DTC’s practice of determining by lot the amount of the interest of each Direct Participant for partial bond redemptions.

If the Bonds are not registered in book-entry form, any redemption of less than all of a maturity of the Bonds shall be allocated (in the amounts of \$5,000 or any whole multiple) among the registered owners of such maturity of the Bonds then outstanding as nearly as practicable in proportion to the principal amounts of such maturity of the Bonds owned by each registered owner. This will be calculated based on the following formula:

$$\frac{(\text{principal to be redeemed}) \times (\text{principal amount owned by owner})}{(\text{principal amount outstanding})}$$

Notice of Redemption. Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Optional Redemption of the Notes

The Notes will not be subject to redemption prior to maturity.

Nature of Obligation

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Source: The Depository Trust Company

THE CITY 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 PAYMENTS 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 AND THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS; (IV) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS AND THE NOTES; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEOWNER.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds and the Notes in the event of a default in the payment of the principal of or interest on the Bonds and the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City. Remedies for enforcement of payment are not expressly included in the City's contract with holders of its bonds and notes.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

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 City.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

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

FACTORS AFFECTING THE CITY AND THE BONDS AND THE NOTES

Superstorm Sandy

On October 29, 2012, Superstorm Sandy, then a Category 1 post-tropical cyclone, struck the southern Atlantic coast of Nassau County, New York. The resulting storm surge and winds caused substantial damage to the City, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the City and in nearby areas of New York City and Nassau and Suffolk Counties. In the days following the storm, most schools and businesses - and many roads, bridges and public transportation systems - were closed. The full extent of the damage caused by Superstorm Sandy has yet to be finally determined. The total economic cost to the East Coast is currently estimated to be between \$40 and \$70 billion. The City sustained substantial damage from both wind and storm surge. It is not yet possible to fully establish the economic impact of Superstorm Sandy on the City. Original estimates of the losses included \$33-\$48 million for debris removal and \$125-150 million in infrastructure repairs. Actual costs to date are detailed out below:

Certain expenses relating to debris removal, emergency protective measures, repairs and reconstruction of roads, bridges, utility systems and governmental buildings, and restoration of parks, are eligible for financial assistance from FEMA. FEMA has been actively engaged, and it is expected that sufficient federal funding will be available to meet all verified claims. FEMA is authorized to reimburse the City for 90% of many of the City's storm clean up and rehabilitation expenses. The State has announced the availability of funding to cover the remaining 10% for initial street clearance and reopening of roads. The City expects that nearly all of the costs will be covered by insurance proceeds, FEMA aid and State aid.

The City has received insurance payments totaling \$10.8 million from its insurance carriers. On December 18, 2012 the City received an advance check from FEMA in the amount of \$24.32 million (75% of estimated costs) that has been applied to the FEMA Category A clean-up and debris removal costs. Subsequent to this advance FEMA's share of the costs was increased to 90%. In July 2014, Governor Cuomo announced the State would cover the remaining 10%. While much remains uncertain, the restoration of services and the rebuilding of utility, commercial, residential and community infrastructure and buildings has already started and in many cases completed. The City has submitted Project Worksheets ("PWs") to FEMA with total expenses of approximately \$120 million and has received \$93,757,000 from these completed project worksheets. The City's beachfront boardwalk was reconstructed pursuant to a \$44,200,000 contract and is now complete. The project worksheet for the reconstruction of the Boardwalk has been completed and the City has received partial reimbursement for FEMA's share of these costs.

The City has been working diligently with FEMA and the State to complete the outstanding PWs for each of the projects related to the rebuilding of the damaged infrastructure.

The funding received from the substantially completed PWs to date cover payment of approximately 69% of the projected expenses from Superstorm Sandy recovery costs.

The City did not experience a significant shortfall in property tax receipts for the 2015-16 fiscal year and is not projecting a significant shortfall in property tax receipts 2016-17 fiscal years as the property tax levy has been set. The next property tax roll has been finalized and adjustments were made to the tentative roll so as to minimize the effects of tax certiorari proceedings. Much of the reductions in assessments have already been restored and the City expects that most of the remaining Sandy related losses should be repaired within the next two years.

The City has created a separate set of accounts to track the revenues and expenses related to the Superstorm Sandy recovery efforts. This will allow the City to maintain the ability to perform multi-year comparisons of its normal operating revenue and expenses without having to adjust for the Superstorm Sandy related items.

MARKET AND RISK FACTORS

The financial condition of the City as well as the market for the Bonds and the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State, and in other jurisdictions in the country including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds and the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or of any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and counties in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City.

In addition, there may be unforeseen adverse events within the City that affect the market for the Bonds and the Notes, which could result in adverse comment by Moody's Investors Service, Inc. or any other rating agency with respect to the City's financial situation, or in possible actions by these rating agencies to withdraw, suspend or lower their credit ratings on outstanding indebtedness and obligations of the City.

Other adverse events within the City that could affect the market for the Bonds and the Notes include any events which impact upon the City's ability to eliminate projected budget deficits in future fiscal years; economic trends within the City; and labor actions by unionized employees of the City. It is anticipated that the various news media will report on events which occur in the City and that such media coverage as well as such events could have an impact on the market for, and the market price of the Bonds and the Notes. See "Factors Affecting the City and the Bonds and the Notes" herein.

TAX MATTERS

In the opinion of Bond Counsel, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the City with certain covenants and the accuracy of certain representations, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Bonds and the Notes in order that interest on the Bonds and the Notes will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds and the Notes and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Bonds and the Notes to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Bonds and the Notes. The City has covenanted to comply with certain procedures and it has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds and the Notes. The opinion of Bond Counsel

assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Bond Counsel is of the further opinion that interest on the Bonds and the Notes is not an “item of tax preference” for purposes of federal alternative minimum tax on individuals. Interest on the Bonds and the Notes is, however, included in the calculation of “adjusted current earnings” for purposes of calculating the Federal alternative minimum tax imposed on certain corporations with respect to tax years beginning prior to January 1, 2018. Prospective purchasers of the Bonds and the Notes, should consult with their tax advisors regarding the calculation of any federal alternative minimum tax liability.

Prospective purchasers of the Bonds and the Notes should be aware that ownership of the Bonds and the Notes, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and the Notes and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The Bonds and the Notes will NOT be designated by the City as “qualified tax exempt obligations” within the meaning of, and pursuant to, Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State and any political subdivision thereof, including The City of New York.

Any noncompliance with the federal income tax requirements set forth above with respect to the Bonds and the Notes would not affect the exemption of interest thereon from personal income taxes imposed by the State of New York or any political subdivision thereof.

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Bond and the Notes.

Interest on the Bonds and the Notes may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion, however, as to the tax treatment of the Bonds and the Notes under other state or local jurisdictions. Each purchaser of the Bonds and the Notes should consult his or her own tax advisor regarding the taxable status of the Bonds and the Notes in a particular state or local jurisdiction other than the State of New York.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Bonds and the Notes may affect the tax status of interest on the Bonds and the Notes.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Bonds and the Notes to be subject to Federal or State income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Bonds and the Notes for audit examination, or the course or result of any Internal Revenue Service examination of the Bonds and the Notes or of obligations which present similar tax issues, will not affect the market price or marketability of the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS AND THE NOTES.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the final approving opinion of Harris Beach PLLC, Hempstead, New York, Bond Counsel to the City. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds and the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and the Notes and interest thereon, subject to the statutory limits of Chapter 97 of the Laws of 2011 of the State of New York (See "TAX INFORMATION – Tax Levy Limitation Law" in Appendix A hereto); provided, however, that the enforceability (but not the validity) of such Bonds and Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights.

Such legal opinions will also state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds and the Notes, as applicable, has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the City together with other legally available sources of revenue, if any, will be sufficient to enable the City to pay the principal of and interest on the Bonds and the Notes as the same become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the City, would materially affect the ability of the City to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the City, in connection with the sale of such Bonds and Notes, 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.

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City, except as noted below.

In April 2006, the City acquired, via eminent domain, individual parcels of land collectively comprising 6 acres of land on the oceanfront between Long Beach Boulevard and Riverside Boulevard. Two of the property holders who owned various parcels of land have challenged the valuations and amounts of the advance payments made on the April 18, 2006 taking date. The Nassau County Supreme Court has rendered two decisions and two judgments have been filed. In January 2015, the Appellate Division, Second Department issued two separate decisions which upheld these judgments.

In September 2015, the New York State Court of Appeals denied the City's appeal of the Second Department's decisions. The claims associated with these judgments are estimated to total between \$19 and \$22 million. Together with \$2.5 million in available escrowed funds, \$15.6 million proceeds of bond anticipation notes issued by the City in February 2016 were used to finance payments totaling \$18.1 million to the plaintiffs and thereby provide funding for the first and largest phase of the claims associated with this litigation. Of the two separate claims for attorneys' fees, one is still in appeal. The other, attorneys' fees award, for approximately \$1.745 million, has been affirmed on appeal.

The City is currently scheduled to borrow this amount on February 14, 2018, and will satisfy the corresponding judgment shortly thereafter.

In 2002, a commercial real estate developer commenced litigation that claims the City has improperly prevented it from building certain residential cooperative towers on the City's waterfront on Shore Road. The Plaintiffs/Petitioners are seeking both zoning relief and money damages. In March 2015, the trial court granted the plaintiffs' motion seeking a default judgment against the City and ZBA. The individual ZBA members were dismissed from the action shortly thereafter. Both parties filed appeals. On July 19, 2017, the Appellate Division, Second Department issued two separate decisions in favor of the Plaintiffs/Petitioners. Accordingly, the individual ZBA defendants were reinstated as parties, and the default judgment (against all Defendants/Respondents) was affirmed. Currently, Defendants/Respondents are determining whether to seek permission to appeal the Second Department's decisions to the New York State Court of Appeals. While the plaintiffs are claiming \$55 million in damages, the amount the City may ultimately be liable for cannot be determined at this time as actual damages would need to be established at a damages inquest, and are based on losses suffered by the Plaintiffs/Petitioners.

iStar Financial, Inc. ("iStar"), the owner and developer of the "Superblock" property, has threatened to institute a breach-of- contract action seeking approximately \$105 million in damages. iStar has also indicated that they will forego this action, should they receive certain tax abatements from a third party, the Nassau County Industrial Development Agency. To date, the City has not been served with a summons or complaint. On August 3, 2017, however, a CPLR Article 78 Petition was filed against the ZBA, the Building Commissioner, and a wholly-owned subsidiary of iStar, by several residents seeking to annul the Long Beach Building Commissioner's issuance of a permit to iStar,. In the alternative, Petitioners seek to compel the ZBA place the matter on its calendar for a review of the Building Commissioner's actions. While the City does not anticipate a materially adverse impact on the City's finances relative to the Petitioners' allegations, it is possible that iStar will file a cross-claim against the City, alleging breach of contract, for up to \$5.25 million. Liability cannot be determined at this time, insofar as no cross-claim has been filed to date.

DISCLOSURE UNDERTAKINGS

Disclosure Undertaking for the Bonds

At the time of the delivery of the Bonds, the City will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking.

(1) (i) certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the heading "Litigation" and in Appendix A under the headings "The City", "Financial Information", "Tax Information", "City Indebtedness" and Appendix B and Appendix C, within six months following the end of each fiscal year, commencing with the fiscal year ending June 30, 2017 and (ii) within six months following the end of each fiscal year, the audited financial statement, if any, of the City for each fiscal year commencing with the fiscal year ending June 30, 2017 unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be electronically filed with the MSRB within six (6) months following the end of each fiscal year and an audited financial statement shall be electronically filed with the MSRB within sixty (60) days after it becomes available and in no event later than one (1) year after the end of each fiscal year;

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material

- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-status of the Bonds
- (g) modifications to rights of Bondholders, if material
- (h) bond calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Bonds
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(3) in a timely manner, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

The City may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the City determines that any such other event is material with respect to the Bonds; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

The City reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided

that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended.

Disclosure Undertaking for the Notes

At the time of the delivery of the Notes, the City will provide an executed copy of its “Undertaking to Provide Notices of Events” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

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

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

The City’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the City, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the City to comply with the Undertaking will not constitute a default with respect to the Notes.

The City reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

Compliance History

Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody’s, Standard & Poor’s and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

On May 30, 2014, the City filed an event notice regarding the status of the ratings of the bond insurers on various bonds issued by the City.

On July 9, 2014, the City filed an event notice that the City was late in filing its 2013 audited financial statements.

For the fiscal year ended June 30, 2017, the City was unable to provide its audited or unaudited financial statements within 180 days of the close of its fiscal year. An event notice has been filed.

The City has taken steps to ensure that its annual financial information and audited financial statements will be filed in a timely manner in the future.

RATING

On February 2, 2018, Moody's Investors Service, Inc. ("Moody's") affirmed the City's underlying credit rating of "Baa1" with a stable outlook and assigned such rating to the Bonds. The City did not apply to Moody's for a rating on the Notes.

Standard & Poor's Ratings Corporation ("S&P") is expected to assign a "AA" (stable outlook) to the Insured Bonds based on the understanding that the municipal bond insurance policy of BAM guaranteeing the scheduled payment of principal and interest on the Insured Bonds when due will be issued concurrently with the Insured Bonds. (See "BOND INSURANCE" and "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.)

Such ratings reflect only the view of such organizations, and an explanation of the significance of such ratings may be obtained only from such rating agency, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any downward change or withdrawal of such rating may have an adverse effect on the market price of the Bonds and the Notes or the availability of a secondary market for the Bonds and the Notes. See "FACTORS AFFECTING THE CITY AND THE BONDS AND THE NOTES" and "MARKET AND RISK FACTORS".

BOND INSURANCE

As noted herein, the scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). Information concerning BAM is included in Appendix D, herein. (See "APPENDIX D –MUNICIPAL BOND INSURANCE AND SPECIMEN POLICY" herein.) The City has not made any independent investigation of BAM or its policy and reference should be made to Appendix D for a description thereof.

In the event that BAM is unable to make payments of principal of and interest on the Bonds for which its policy has been issued, as such payments become due, the Bonds are payable solely from City moneys.

The insured ratings on the Bonds are dependent on the claims paying ability of BAM. BAM's current claims paying ability is predicated upon a number of factors which could change over time and could result in a downgrading of the insured ratings on the Bonds. Such a downgrade could adversely affect the market price for, and marketability of, the Bonds. BAM is not contractually bound to maintain its present claims paying ability in the future. (See "RATINGS" herein.)

MUNICIPAL ADVISOR

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

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor

has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the City. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds and the Notes.

ADDITIONAL INFORMATION

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

Additional information and copies of the Official Statement may be obtained from the City or Capital Markets Advisors, LLC (CMA), 11 Grace Avenue, Suite 308, Great Neck, New York 11021, Telephone: (516) 487-9818.

CITY OF LONG BEACH
NASSAU COUNTY, NEW YORK

By: /s/ Erin D'Antonio
Acting City Comptroller

DATED: February 6, 2018

APPENDIX A

THE CITY

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THE CITY

General Information

The City is situated on the south shore of Long Island, in Nassau County, about 25 miles east of New York City. Incorporated in 1922, the City has a land area of approximately 2.1 square miles, and is bounded on the north by Reynolds Channel and on the south by the Atlantic Ocean. Reynolds Channel separates the City from the Long Island "mainland." Its elevation is at sea level. Summer temperatures average 13 degrees cooler than Manhattan and in the winter, 10 degrees warmer. The population, according to the 2016 U.S. Census is 33,550.

The population increases during the summer by an estimated 35,000 persons. Bus transportation to points in Nassau County is available along with transportation to New York City afforded by the Long Island Railroad, Long Beach Branch. A city-owned bus system provides local transportation.

Along the 3.5 mile ocean beach is a 50 foot wide boardwalk, 2.2 miles in length, which, though extensively damaged by Superstorm Sandy, was rebuilt within a year, by October 2013. The beach and boardwalk attract thousands of visitors each summer weekend, along with residents. The restoration of the boardwalk was substantially completed last November, and is now complete. At Kennedy Plaza, adjacent to City Hall, from June to September, a variety of events are staged, including shows, exhibits, parades, concerts and festivals. The municipal recreation center activities include carnivals, bowling, movies, arts and crafts, ping-pong, baton twirling and tournaments of various types. The City maintains an indoor swimming pool with steam room and exercise room facilities. The municipal fishing pier provides bay fishing for sportsmen. The City maintains an ice skating rink that offers free skates, lessons and leagues.

The Allard K. Lowenstein Memorial Library operates three branches and is a fully automated lending library with several hundred thousand volumes and an extensive periodical file. Diversified programs include film presentations, concerts, book discussions, lectures and seminars of community interest.

The Long Beach City School District serves the City, as well as areas outside the City limits. The School District maintains four elementary schools and a junior and senior high school. Several parochial and private nursery schools located in the City also educate local children.

Shopping facilities are available along Park Avenue, the principal east-west road artery. Recognizing that downtown expansion requires a joint effort by the public and private sector, the City of Long Beach utilized both sources to improve its central business district. Long Beach Plaza is located in the heart of the City's downtown and employs about 400 people.

The Plaza anchor store is a Stop and Shop supermarket and it also includes a banking facility and various specialty shops. The 81,000 sq. ft. of commercial space is accompanied by parking for 350 cars. Private funding of \$8,245,000 combined with a \$2,358,000 Urban Development Action Grant, accounted for the total construction cost.

The Long Beach Police Department is comprised of 68 officers and consists of a detective division, a traffic enforcement division, narcotics enforcement unit, street crimes unit, juvenile unit, bicycle patrol unit and a community policing program.

Three firehouses, 19 pieces of equipment, 18 paid firemen plus one commanding officer, 8 paid paramedics and about 160 volunteers provide community-wide fire and EMS services.

Electric and gas services are supplied by PSE&G. Water and sewer services are City functions. Superstorm Sandy temporarily disrupted water and sewer services, as well as LIPA's electrical service and the gas service of Brooklyn Union Gas. All utility services have been fully restored throughout the City, and many damaged structures have already been restored and rebuilt.

While the City suffered extensive damage from Superstorm Sandy, City officials do not project long-term negative impact from these damages on residential, commercial or utility properties within the City's boundaries. There is

extensive ongoing repair and rehabilitation taking place on properties of all types throughout the City, and there is little to indicate that the storm damage cannot be reversed over the next several years.

Form of Government

The chief executive officer of the City is the City Manager who is appointed by the City Council. The City Council members are elected for varying terms. Each term is staggered so that every two years three of the five members run. There is no limitation as to the number of terms which may be served by members of the City Council. The City Council members elect the President of the Council.

The City Manager appoints the City Clerk, the City Treasurer, the Assessor, the City Comptroller, the Corporation Counsel and the commissioners of Public Works and Buildings.

Financial Organization

Certain of the financial functions of the City are the responsibility of the City Manager and the City Comptroller. The chief fiscal officer of the City is the City Comptroller; however the City Manager is the budget officer of the City. The duties of the City Comptroller include the following:

1. a) To keep and supervise the books of general accounts of the City which books include a general journal, general ledger, commitment register, claim record, appropriation ledger, and bond ledger and such other books that from time to time may be found necessary to properly reflect the financial condition of the City.
 - b) To prescribe the form of receipts, vouchers, bills or claims to be filed by all departments, institutions, offices and agencies of the City government.
 - c) To examine and approve all contracts, purchase orders and other documents by which the City incurs financial obligations, having ascertained before approval that moneys have been duly appropriated and allotted to meet such obligations and will be available when such obligations shall become due and payable and to record such obligations as encumbrances of the respective appropriation from which such obligations are to be paid.
 - d) To audit and approve all bills, invoices, payrolls and other evidences of claims, demands or charges against the City and to determine the regularity, legality and correctness of the same.
 - e) To prepare and submit to the Council monthly statements of the financial condition of the City, annual reports to the State Comptroller and such other reports as may be required by the City Manager or the City Council. In order that such reports may be promptly prepared and submitted it is the duty of all officials and employees to keep all records current and to submit to the City Comptroller all statements, bank balances, bank reconciliation's and summaries kept by them daily, weekly or monthly, as required to properly prepare such reports.
 - f) To perform such other duties pertaining to the financial records of the City as may be directed by the City Council, the City Manager or by any law or by any fiscal officer of the State authorized to do so by law.
2. All books, papers, files or other records pertaining directly or indirectly to the finances of the City shall be in such form and kept in such places as to be readily accessible to the Comptroller for examination and audit.
 3. All officials and employees who are charged with the receipt or the disbursement of any city moneys shall keep a daily record or such receipts and disbursements in the form which shall be prescribed by the City Comptroller. They shall also keep such books, rolls and subsidiary ledgers as are prescribed by law or that may be prescribed by the City Comptroller for the purpose of having a control for accounts kept by the City Comptroller in the general books of the City. All officials or employees keeping such records are hereby required to balance such books, rolls and subsidiary ledgers periodically and in any event at least semi-annually and at such times as the Comptroller shall direct.

4. All officials and employees keeping records not directly dealing with receipts and disbursements but that may be used as a basis for determining amounts due or to become due the City or that may be the basis of claims against the City shall keep such records in the form prescribed by the City Comptroller. All time sheets, books and payroll records shall be kept in the form prescribed by the City Comptroller.
5. All employees of the City are charged with the duty of promptly preparing and submitting to the City Comptroller any statement or reports of information pertaining to any account book or record kept by them or in their department which may be required.
6. The Commissioner of Public Works is currently managing the City's interactions with FEMA, including filing necessary submissions and seeking accelerated reimbursements from moneys disbursed by FEMA to the State for the City's cleaning and rebuilding efforts. The City Comptroller's Office is actively overseeing these activities as it determines the timing of its expenses and formulates its capital planning.

Employees

The City currently has 336 full-time employees and approximately 1,100 part-time and seasonal employees. Police and Fire Department employees as well as general City employees are each represented by a collective bargaining agent. Those agents which represent full time employees and the dates of expiration of their agreements are as follows:

<u># of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
218	Civil Service Employees Association	6/30/2025
65	Police Benevolent Association	6/30/2015 ⁽¹⁾
5	Commanding Offices Association	6/30/2008 ⁽¹⁾
26	United Fire Fighters Association	6/30/2010 ⁽¹⁾
22	Non-Union	N/A

(1) Contract in negotiation.

Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate). These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute 3% of gross annual salary toward the cost of retirement programs during their first 10 years of service.

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and there is no provision for these contributions to cease after a certain period of service.

On March 15, 2012, Governor Andrew Cuomo signed into law a new Tier 6. The law is effective for new ERS and PFRS employees hired on or after April 1, 2012. Among other provisions, the new tier increases employee contribution rates in a progressive fashion from 3% to 6% (depending on the level of salary); increases the retirement age from 62 to 63; vests after 10 years of service; includes an optional defined contribution plan for new non-union employees with salaries \$75,000 and above; and limits pension benefits for employees earning more than the Governor's salary.

With regard to the ERS, a pension reform bill, Chapter 49 of the Laws of 2003 changed the cycle of billing to match budget cycles of the City. Under the previous method, the City was unsure of how much it paid to the system until after its budget was implemented. Under the current system the contribution for a given fiscal year is based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the City is able to more accurately include the cost of the contribution into its budget. Chapter 49 requires the City to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio had experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, employer contribution rates for the State's Retirement System have been higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and schools districts to borrow a portion of their required payments from the State pension plan at interest rates of 5%-7% percent. The legislation also authorizes local governments and school district to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. Future contribution rates will be affected by the investment performance of the ERS portfolio.

Payments by the City to the Retirement Systems for the past four years and current budget are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2013*	\$2,362,851	\$2,828,531
2014*	2,612,993	3,001,989
2015*	3,008,169	4,224,408
2016	3,046,959	3,785,924
2017	3,404,069	3,812,306
2018	3,230,844	3,816,504

*From 2014 through 2015, the City took advantage of the amortization option offered by the pension system.

Other Post Employment Benefits

The City provides post-retirement healthcare benefits to various categories of former employees. These costs are expected to rise substantially in the future. A recently enacted accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires governmental entities, such as the City, to account for post-retirement healthcare benefits with respect to vested pension benefits. GASB 45 has become fully implemented for governmental entities, including the City.

Since the implementation of Chapter 729 of the Laws of 1994, School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State, including the City, have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 45 and OPEB. OPEB generally refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. Until recently, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The City hired an actuarial firm for the actuarial valuation and they calculated an ARC of \$11,089,840 and an unfunded actuarial accrued liability of \$126,811,041 for the year ended June 30, 2016. The City is in compliance with the requirements of GASB 45.

Should the City be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the City’s finances and could force the City to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the City to partially fund its actuarial accrued OPEB liability. At this time, the State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the City has decided to continue funding the expenditure on a pay-as-you-go basis. The City projects that annual payments for the 2016-2017 and 2017-2018 adopted budgets will be about \$3,800,000 and \$4,000,000, respectively.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Legislation has been introduced in the State Legislature (A.5525, S.5111A) to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. This legislation would authorize the establishment of a trust by resolution of the local government’s governing board which would serve as the trustee (unless trustee authority is delegated to the local government’s chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with a written investment policy developed by the trustee and a written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust.

Recent Residential and Commercial Development

Prior to Superstorm Sandy, the City had begun to attract substantial residential and commercial development, drawn by its ocean side location and proximity to New York City. The City had commenced an effort to encourage the replacement of substandard housing and commercial structures with new luxury condominiums as well as one and two family dwellings.

Over the past five years, the commercial district has seen the influx of many new restaurants and food establishments.

There is a new 6-story, 18-unit condo building at 661 West Broadway under construction with completion expected in Summer 2018.

The “Super Block” Project received Zoning Approval for two fifteen story towers with 522 rental units and 11,000 square feet of retail/commercial space along our newly completed boardwalk. The estimated construction cost for this project is in excess of \$250 million. The foundation permit was issued in May 2015. Construction is currently pending.

A new 8-unit multiple dwelling is under construction at 848 East Broadway with completion expected in Winter 2018.

Construction on a new 10-story, 10-unit luxury condominium located at 50 West Broadway, with a restaurant at boardwalk level is currently pending. The permit has been issued and construction is expected to commence in Spring 2018.

A new 23-unit rental building received zoning approval at 249 East Park Avenue with construction to begin in Spring 2018.

A proposed new 126-unit multiple dwelling at 530 West Broadway is awaiting a Zoning Board approval.

A new 12-unit Homeowners Association received Zoning Approval in Fall 2017. Construction has begun and completion is expected in Fall 2018.

South Nassau Communities Hospital completed the expansion of their Urgent Care Center at 325 East Bay Drive into a Free Standing Emergency Department able to accept 9-1-1 ambulances. Also, South Nassau is moving forward with a plan to build a 30,000-square foot Medical Arts Pavilion within the City of Long Beach which is awaiting Zoning Approval.

Since Superstorm Sandy, the City has issued approximately 11,985 Building Permits and has approximately 1,100 pending. These include permits to build new or elevate homes to FEMA regulations. The City expects another 300-400 over the next few years for new or elevated homes. The assessed valuation of the City's property will increase due to these homes becoming FEMA compliant.

FINANCIAL FACTORS

Budgetary Procedures

The City Manager (acting in his capacity as Budget Officer) prepares a tentative budget each year which is submitted to the City Council on or before April 10. After being reviewed by the City Council, public hearings on the budget are held. Subsequent to the public hearing, revisions (if any) are made to the budget. No later than the last day of May, the City Council adopts it as its final budget for the coming fiscal year. The budget is not subject to referendum, but is subject to the provisions of Chapter 97 of the Laws of 2011.

Financial Statements

The City has retained independent certified public accountants to audit its financial affairs. The last audit covers the year ending June 30, 2016. The 2016 Audit was prepared in compliance with GASB 34. In addition, the financial affairs of the City are subject to periodic review by the State Comptroller.

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

A summary of Revenues, Expenditures and Fund Balance, Budget Results and Balance Sheets for the City are included as Appendix B.

Statutes Governing City's Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United State of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of New York public benefit corporations which are made lawful investments in which the City may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in

excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, as that term is defined in the law.

The City has adopted an investment policy which states that the City will comply with the requirements of New York State statutes, as stated above, concerning the investment of City monies.

Revenues

Property Taxes. The City derives a major portion of its General Fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Based on audited results, property taxes accounted for approximately 48.0% of total General Fund revenues for the fiscal year ended December 31, 2016.

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

<u>Fiscal Year</u>	<u>Property Tax Revenues</u>		
	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2012	\$61,082,914	\$28,900,075	47.3%
2013	63,460,670	33,164,391	52.3
2014	65,800,710	33,533,614	51.0
2015	70,572,463	33,099,126	46.9
2016	71,118,801	34,170,461	48.0
2017 (Adopted Budget)	78,829,227	36,256,772	46.0
2018 (Adopted Budget)	81,798,874	37,186,369	45.5

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

State Aid

The City receives financial assistance from the State. In its budget for the 2017-2018 fiscal year, approximately 7.6% of the revenues of the City are estimated to be received in the form of State aid, not including any Sandy reimbursements. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

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

While the City has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the City. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

Reimbursements of submitted expenses through FEMA are paid to the State, which is responsible for the ultimate disbursement of funds to the City. The State has declared its intention of disbursing such funds as quickly as possible.

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

<u>Fiscal Year</u>	<u>State Aid</u>		
	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2012	\$61,082,914	\$6,610,678	10.8%
2013	63,460,670	6,486,347	10.2
2014	65,800,710	5,497,389	8.4
2015	70,572,463	6,044,924	8.6
2016	71,118,801	6,444,947	9.1
2017 (Adopted Budget)	78,829,227	5,680,026	7.2
2018 (Adopted Budget)	81,798,874	6,244,676	7.6

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

Results of Operations and Deficits

2012-2013 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2013 the City ended said fiscal year with a General Fund surplus of \$851,163, a Water Fund deficit of (\$231,322), and a Sewer Fund deficit of (\$2,055,985).

2013-2014 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2014 the City ended with a General Fund surplus of \$9,928,964, a Water Fund surplus of \$1,870,469 and a Sewer Fund surplus of \$209,034.

2014-2015 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2015 the City ended with a General Fund surplus of \$9,134,864, a Water Fund surplus of \$1,843,474 and a Sewer Fund surplus of \$262,748.

2015-2016 Fiscal Year

According to the audited financial statements of the City for the fiscal year ended June 30, 2016 the City ended with a General Fund surplus of \$7,548,348, a Water Fund surplus of \$1,632,304 and a Sewer Fund surplus of \$491,947.

2016-2017 Adopted Budget

On May 17, 2016, the City Council adopted a budget that included a City property tax increase of 7.76%. The tax rate remained within the statutory real property tax levy limitation. The 2016-2017 budget was balanced.

2017-2018 Adopted Budget

On May 16, 2017, the City Council adopted a budget that includes a City property tax increase of 2.56%. The tax rate remains within the statutory real property tax levy limitation. The 2017-2018 budget is balanced.

Long Term Fiscal Recovery Plan

Based on completion of the crisis management tasks assigned by the City Council, on September 3, 2013 the City Council declared an end to the fiscal crisis. The City's finances are currently in a long-term recovery phase, after implementation of a recovery plan based on difficult, but necessary, policy and operational decisions. The Long Term Fiscal Recovery Plan will continue to fundamentally change the culture and operation of the City's government.

Corrective Actions Taken:

- The City has managed to rebuild and increase unassigned fund balance across all funds from a \$14.7 million deficit at June 30, 2012 to \$7.5 million unassigned fund balance at June 30, 2016, a \$22.2 million turnaround. This increase is primarily attributed to the inherited deficit financing, the inherited deficit surcharge (which was retired one year early), managing discretionary spending and effectively managing its fiscal and physical recoveries.
- Rightsizing the workforce, reducing headcount by 11% to the lowest levels in over a decade, reducing labor and personnel costs from 83% of the budget to 56% and placing the cost structure of government on a more affordable and sustainable trajectory.
- The tax rate has been responsibly stabilized within the constraints of the Tax Levy Limitation Law.
- Restoring credibility with Wall Street rating agencies: On January 29, 2016 Moody's Investor Services, Inc. ("Moody's") upgraded the City's General Obligation rating to Baa1 with a positive outlook from Baa2 with a positive outlook. On February 3, 2015, Moody's upgraded the City's General Obligation rating to Baa2 with a positive outlook from Baa3 with a positive outlook. In June 2014, Moody's changed its outlook on the City from stable to positive and affirmed the rating of "Baa3". The report stated that the positive outlook reflects improved fiscal controls and policies implemented by a new management team beginning January 2012. Furthermore, the report stated that as a result of these new policies, management has improved budgeting practices which previously led to the rating declines in recent years. See "Rating" herein.
- A 7.9% property tax increase for the General Fund was included in the 2012-2013 Adopted Budget and a 1.49% additional property tax increase was included in the 2013-2014 Adopted Budget. Due to the early retirement of the \$1,875,000 annual surcharge, property taxes decreased an average of 1.19% for the 2014-2015 Adopted Budget. A 3.18% property tax increase for the General Fund was included in the 2015-2016 Adopted Budget. However, as a result of the City's compliance with the NYS tax cap, qualifying homeowners will receive a 100% reimbursement for this year's tax increase. A 6.28% property tax increase for the General Fund is included in the 2016-2017 Adopted Budget. Of the increase, 4.34% is to cover the debt service on the Superblock litigation settlement. A 2.51% property tax increase for the General Fund is included in the 2017-2018 Adopted Budget and complies with the NYS tax cap.
- Water and Sewer rate increases of 4% were approved for the 2016-2017 budget year. Additionally, the sewer charges were increased to 108% of water charges. Rate increases of 1% were approved for the 2017-2018 budget year. Additionally, the sewer charges were increased to 115% of water charges.
- The property tax trajectory is now stabilized as procedures to control expenses have been implemented.

Deficit Financing Legislation

The City Council adopted a home rule resolution requesting that the State Legislature enact legislation authorizing the City to issue bonds pursuant to section 10.10 of the Local Finance Law in an aggregate amount not to exceed fifteen million (\$15,000,000) dollars to finance the City's accumulated General, Water, and Sewer Fund deficits as of June 30, 2012. (See "*Results of Operations and Deficits*", herein). The legislation authorized the City to issue bond anticipation notes to provide interim deficit financing, and to issue bonds to redeem such notes in a principal amount not exceeding the amount of such deficits certified by the State Comptroller. On June 17, 2013, the New York State Legislature approved the legislation, however it was vetoed by the Governor due to a typographical error.

Corrected legislation was reintroduced in both chambers of the State Legislature and was approved by both chambers and signed by the Governor on February 21, 2014 as Chapter 3 of the Laws of 2014 ("Chapter 3"). Chapter 3 authorized the City to issue serial bonds for two purposes: (1) to finance certain extraordinary expenses resulting from Superstorm Sandy; and (2) to finance, subject to the provisions of section 10.10 of the Local Finance Law,

accumulated deficit in the City's general fund, sewer fund, water fund and risk management fund as of June 30, 2012 provided that the bonds issued for this purpose must be issued on or before June 30, 2015 in an aggregate par amount not to exceed \$12,000,000.

Pursuant to Chapter 3, the City is subject to certain requirements and procedures pursuant to Section 10.10 of the Local Finance Law ("Section 10.10") which states that the City may not issue any bonds for the purpose of liquidating such deficits until the amounts of such deficits are confirmed and certified by the State Comptroller. On April 4, 2014, the Office of the State Comptroller certified the City's deficit in the amount of \$13,871,017 as of June 30, 2012. The City issued \$8,200,000 deficit bonds on June 27, 2014 pursuant to Chapter 3 and Section 10.10 for the purpose of liquidating an \$8,200,000 portion of the accumulated deficit.

Upon the issuance of the deficit bonds, the City Manager must submit to the State Comptroller each year, starting with the 2014-2015 fiscal year and for each subsequent fiscal year during which the deficit bonds are outstanding, the tentative or preliminary budget for the succeeding fiscal year. The State Comptroller must examine the proposed budget and make such recommendations as deemed appropriate thereon. Such recommendations shall be made after the examination into the estimates of revenues and expenditures of the City. Pursuant to Section 10.10, the City Council, no later than five days prior to the adoption of the budget, shall review any such recommendations made by the State Comptroller and may make adjustments to its proposed budget consistent with those recommendations. Any recommendations that the City Council rejects shall be explained in writing to the State Comptroller, provided however, that the City may not issue bonds for any object or purpose unless and until adjustments to its proposed budget consistent with any recommendations made by the State Comptroller or any such recommendations that are rejected have been explained in writing to the State Comptroller.

For each fiscal year that the deficit bonds are outstanding, the City Comptroller shall monitor budgets of the City and for each budget, must prepare a quarterly report of summarized budget data depicting trends of actual revenues and budget expenditures for the entire budget. Such budgetary reports must compare revenue estimates and appropriations as set forth in the budget with actual revenues and expenditures received and incurred to date. The report must also contain a corrective action plan to address any unfavorable budget variances. All reports must be completed within thirty (30) days after the end of each quarter. The City Comptroller shall also prepare, as part of such report, a quarterly trial balance of general ledger accounts. The above quarterly budgetary reports and quarterly trial balances shall be prepared in accordance with generally accepted accounting principles. These reports must be submitted at the end of each quarter to each member of the City Council and the City Manager, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

Beginning with the 2013-2014 fiscal year and for each fiscal year occurring during the time the deficit bonds are outstanding, within thirty days after final adoption of the budget for the next succeeding fiscal year, the City Manager must prepare a three (3) year financial plan covering the next succeeding fiscal year and the two fiscal years thereafter. The financial plan must contain the information required by paragraph (e) of Section 10.10 and must be submitted to the City Comptroller, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

Beginning with the 2013-2014 fiscal year and for each fiscal year occurring during the time the deficit bonds are outstanding, the City Comptroller must notify the State Comptroller at least fifteen (15) days prior to the issuance of any bonds or notes or entering into any installment purchase contract by the City and the State Comptroller may review and make recommendations regarding the affordability to the City of any such proposed issuance or contract.

TAX INFORMATION

Real Estate Tax Levying Limitation

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

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

Real Property Tax Assessment and Rates

Fiscal Year Ending <u>December 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Ratio</u>	<u>Full Valuation</u>
2014	\$ 204,361,034	4.38%	\$ 4,665,777,032
2015	203,216,450	4.00	5,080,411,250
2016	203,211,212	4.25	4,781,440,282
2017	205,818,171	4.15	4,959,474,000
2018	206,751,598	4.21	5,168,789,950
Total Five-Year Full Valuation			<u>\$24,655,892,514</u>
Five-Year Average Full Valuation			4,931,178,503
2% of Five-Year Average Full Valuation			<u>98,623,570</u>
Total Tax Levy – General City Purposes			37,186,369
Less: Total Exclusions			19,889,134
Tax Levy Subject to Tax Limit			<u>17,297,235</u>
Constitutional Tax Margin			<u>\$81,326,335</u>
Percentage of Tax Limit Exhausted			<u>17.54%</u>

Sources: State Board of Real Property Services and the City of Long Beach Controller's Office.

Tax Levy Limitation Law

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's “faith and credit” is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

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

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

Valuations and Tax Data

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

	<u>Assessed Valuations</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Value	\$204,361,034	\$203,216,450	\$203,211,212	\$205,818,171	\$206,751,598
Equal. Ratio	4.38%	4.00%	4.25%	4.15%	4.00%
Full Value	4,665,777,032	5,080,411,250	4,781,440,282	4,959,474,000	5,168,789,950
Tax Levy	33,038,170	32,617,942	33,655,110	35,750,178	36,656,403
Tax Rate ⁽¹⁾	\$161.67	\$160.51	\$165.62	\$173.70	\$177.30

(1) Per \$1,000 assessed value.

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

Real Property Tax Collection Procedure

City taxes are due 50% on July 1st and 50% on January 1st. If not paid by July 31st and January 31st, a 1-1/2% per month penalty is added. Tax bills of \$6,000 or more are due in full in July.

The City collects its own taxes and is responsible for the collection of its own delinquent taxes. Tax sales are held annually.

Real Property Tax Collection Record

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Taxes</u> <u>Uncollected</u>	<u>Percentage Current</u> <u>Taxes Uncollected</u>
2013	\$32,553,128	\$249,816	0.77%
2014	33,038,170	240,839	0.73
2015	32,617,942	174,123	0.53
2016	33,655,110	178,378	0.53
2017	35,750,178	152,843	0.43

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Ten Largest Taxpayers

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

<u>Taxable Assessments</u> ⁽¹⁾			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Long Island Power Authority	Utility	\$ 2,276,422	1.10%
Sun America Properties	Apartments	1,388,485	0.67
Lafayette Apts (C. Alpert)	Apartments	1,239,600	0.60
Alrose King David LLC	Hotel	1,231,892	0.60
Keyspan Gas East Corp	Utility	1,180,370	0.57
Shore Development	Vacant Lot	1,000,000	0.48
552 Shore Road Owners Corp	Cooperative Apartments	970,000	0.47
Avalon Properties	Apartments	950,000	0.46
Samuel Walton	Apartments	875,000	0.42
430-450 Shore Rd Owners	Cooperative Apartments	<u>870,000</u>	<u>0.42</u>
Total:		<u>\$ 11,981,769</u>	<u>5.79%</u>

(1) The City's total taxable assessed value for the 2018 fiscal year is \$206,751,598.

Sales and Compensating Use Taxes

Section 1210 of the New York Tax Law (the “Tax Law”) authorizes counties to levy sales and compensating use taxes of up to 3% in addition to the 4% sales tax levied by the State (certain counties have received approval by the State Legislature to impose a sales and compensating use tax of greater than 3%). Sales and compensating use taxes are collected by the State and distributed to counties and municipalities of the State on a monthly basis.

For each of the last five fiscal years and the most recent budget, the sales and compensating use tax collections recorded by the City are as follows:

Year Ending <u>June 30</u>	Amount <u>Collected</u>
2013	\$3,159,789
2014	3,360,260
2015	3,779,782
2016	3,801,681
2017	4,091,170
2018 (Budgeted)	4,045,000

CITY INDEBTEDNESS

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

Constitutional Requirements

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

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

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

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real property of the City 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 full valuation is by taking the assessed valuation of taxable real property as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

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

Pursuant to the Local Finance Law, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

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

Except on rare occasions the City does not issue its authorized bonds or notes until this estoppel period has passed. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

The City Council, as the finance board of the City, has the power to enact bond ordinances. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the City Comptroller, the chief fiscal officer of the City, pursuant to the Local Finance Law.

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

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

Debt Outstanding End of Fiscal Year

Year Ending June 30:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Serial Bonds	\$40,372,000	\$59,729,000	\$61,525,002	\$71,481,514	\$68,642,503
Bond Anticipation Notes	9,060,000	6,500,000	19,792,000	24,467,000	27,509,870
Budget Notes	0	0	0	0	0
Revenue Anticipation Notes	0	38,100,000	25,000,000	14,430,000	4,000,000
Tax Anticipation Notes	0	0	0	0	4,222,000
Installment Purchase Debt	<u>1,166,583</u>	<u>878,916</u>	<u>2,634,761</u>	<u>2,313,765</u>	<u>2,019,148</u>
Total Outstanding	<u>\$50,598,583</u>	<u>\$105,207,916</u>	<u>\$108,951,763</u>	<u>\$112,692,279</u>	<u>\$106,393,521</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of January 25, 2018.

	<u>Maturity</u>	<u>Amount</u>
Bonds	2017-2030	\$ 66,023,503
Bond Anticipation Notes	February 15, 2018	40,812,870
Revenue Anticipation Notes	June 22, 2018	4,000,000
Tax Anticipation Notes	June 22, 2018	<u>4,200,000</u>
Total Debt Outstanding		<u>\$115,036,373</u>

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Constitutional Debt-Contracting Limitation

The following table sets forth the current debt-contracting limitation of the Village.

Debt Contracting Limitation

Fiscal Year Ended <u>June 30</u>	Assessed <u>Valuation</u>	State Equalization <u>Ratio⁽¹⁾</u>	Full <u>Valuation</u>
2014	\$ 204,361,034	4.38	\$ 4,665,777,032
2015	203,216,450	4.00	5,080,411,250
2016	203,211,212	4.25	4,781,440,282
2017	205,818,171	4.15	4,959,474,000
2018	206,751,598	4.00	<u>5,168,789,950</u>
Total Five-Year Full Valuation			<u>\$ 24,655,892,514</u>
Average Five-Year Full Valuation			4,931,178,503
Debt Contracting Limitation - 7% of Average Full Valuation			<u>\$ 345,182,495</u>

(1) Equalization rates are established by the New York State Office of Real Property Services and the State Comptroller’s Office.

Source: New York State Office of Real Property Services.

Debt Statement Summary

Summary of indebtedness, debt limit and net debt-contracting margin as of January 25, 2018.

Five Year Average Full Valuation of Taxable Real Property.....	<u>\$4,931,178,503</u>
Debt Limit – 7% thereof.....	345,182,495
 <u>Inclusions:</u>	
Bonds.....	\$66,023,503
Bond Anticipation Notes.....	40,812,870
Revenue Anticipation Notes.....	4,000,000
Tax Anticipation Notes.....	4,200,000
 Total Inclusions	 <u>\$115,036,373</u>
 <u>Exclusions:</u>	
Revenue Anticipation Notes.....	\$4,000,000
Tax Anticipation Notes.....	4,200,000
Water Debt.....	5,629,459
Sewer Debt.....	3,650,704
Appropriations.....	2,408,971
 Total Exclusions	 <u>\$19,889,134</u>
 Total Net Indebtedness.....	 <u>95,147,239</u>
Net Debt-Contracting Margin.....	<u>\$ 250,035,256</u>

The percent of debt contracting power exhausted 27.56%.

Direct and Overlapping Indebtedness

The real property taxpayers of the City are responsible for a proportionate share of outstanding debt obligations of the County and the City School District of the City of Long Beach. Such taxpayers' share of this overlapping debt is based upon the amount of the City's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the City and the approximate magnitude of the burden on taxable property in the City of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

Gross Direct Indebtedness	\$115,036,373
Exclusions and Deductions	<u>19,889,134</u>
Net Direct Indebtedness	<u>\$ 95,147,239</u>

Overlapping Debt

<u>Issuer</u>	<u>Outstanding</u>	<u>As of</u>	<u>Share</u>	<u>Amount Applicable to City</u>
Nassau County	\$3,531,503,000	10/31/17	2.33%	\$ 82,284,020
Long Beach City School District	55,465,000	12/05/17	85.30%	<u>47,311,645</u>
Total Net Overlapping Debt				\$129,595,665
Total Net Direct Debt				<u>95,147,239</u>
Total Net Direct and Overlapping Debt				<u>\$224,742,904</u>

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

Debt Ratios

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

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Indebtedness	\$ 95,147,239	\$2,836	1.84%
Net Direct and Overlapping Indebtedness	224,742,904	6,699	4.35

(1) The population of the City is estimated at 33,550.

(2) The City's full value of taxable real property for fiscal year 2018 is \$5,168,789,950.

Authorized but Unissued Items

Following the issuance of the Bonds and the Notes, the City will have \$5,299,075 in debt for capital projects, \$10,000,000 for unreimbursed Sandy expenditures, \$3,405,000 in litigation costs, \$2,600,000 for tax anticipation notes and \$556,500 for employee separation pay authorized but unissued.

Debt Service Schedule

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

Bond Principal and Interest Maturity

Fiscal Year <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total Annual <u>Debt Service</u>
2018 ⁽¹⁾	\$ 9,315,370	\$ 2,954,659	\$ 12,270,029
2019	8,666,001	2,637,388	11,303,389
2020	8,180,001	2,398,350	10,578,351
2021	7,938,001	2,164,263	10,102,264
2022	7,760,000	1,938,663	9,698,663
2023	7,490,000	1,695,694	9,185,694
2024	7,755,000	1,455,832	9,210,832
2025	6,935,000	1,219,681	8,154,681
2026	6,490,000	1,003,119	7,493,119
2027	6,720,000	792,444	7,512,444
2028	5,410,000	603,619	6,013,619
2029	5,585,000	436,244	6,021,244
2030	5,200,001	261,756	5,461,757
2031	1,694,999	129,531	1,824,530
2032	420,000	77,681	497,681
2033	435,000	64,031	499,031
2034	450,000	49,350	499,350
2035	470,000	33,600	503,600
2036	<u>490,000</u>	<u>17,150</u>	<u>507,150</u>
Totals:	<u>\$ 97,404,373</u>	<u>\$ 19,933,055</u>	<u>\$ 117,337,428</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements, City of Long Beach.

Installment Purchase Debt

The following table sets forth all principal and interest payments required on the outstanding lease purchase obligations of the City.

Lease Purchase Obligations Principal and Interest Maturity

Fiscal Year <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total Annual <u>Debt Service</u>
2018 ⁽¹⁾	\$ 307,827	\$ 85,069	\$ 392,896
2019	321,641	71,256	392,896
2020-2025	<u>1,389,680</u>	<u>185,173</u>	<u>1,574,853</u>
Totals:	<u>\$2,019,148</u>	<u>\$341,498</u>	<u>\$2,360,646</u>

(1) For the entire fiscal year.

Source: City of Long Beach.

ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>City of Long Beach</u>	<u>County of Nassau</u>	<u>State of New York</u>
1970	33,127	1,428,838	18,241,366
1980	34,073	1,321,582	17,557,288
1990	33,510	1,287,348	17,990,455
2000	35,462	1,334,544	18,976,457
2010	33,275	1,339,532	19,378,102
2016	33,550	1,361,350	19,842,724

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

Selected Listing of Major Employers

<u>Name</u>	<u>Type</u>	<u>Approximate Number of Employees</u>
Long Beach City School District	Education	1,000
City of Long Beach	Municipality	600
Lancer Insurance Company	Insurance	406
Chem RX	Pharmacy - wholesale	360
National Boulevard Assisted Care Facility	Health Care	300
Long Beach Grandell	Health Care	250
Beach Terrace Care Center	Health Care	150
Stop and Shop	Food Chain	131
Hebrew Academy of Long Beach	Education	110

Source: City of Long Beach

Unemployment Rate Statistics

Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2012	7.3%	7.0%	8.5%
2013	6.6	5.9	7.7
2014	4.7	4.8	6.3
2015	4.1	4.2	5.3
2016	3.6	3.9	4.8

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

Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
December 2016	3.7%	3.6%	4.5%
January 2017	3.9	4.1	4.9
February	4.0	4.3	5.0
March	3.4	3.7	4.4
April	3.4	3.7	4.2
May	3.6	3.8	4.3
June	3.8	4.1	4.5
July	3.6	4.3	4.9
August	3.7	4.2	4.9
September	3.9	4.1	4.7
October	3.7	4.0	4.6
November	3.8	4.2	4.5

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

Other Information

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

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

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

The fiscal year of the City is July 1 to June 30.

End of Appendix A

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APPENDIX B
SUMMARY FINANCIAL STATEMENTS

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CITY OF LONG BEACH
 Adopted Budgets - General Fund
 Fiscal Year Ending June 30:

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Taxes	\$ 36,256,772	\$ 37,186,369
Non-Property Tax	5,445,000	5,620,000
Departmental Income	20,743,407	21,644,051
Intergovernmental Charges	347,260	335,088
Use Of Money And Property	582,566	621,870
Licenses and Permits	2,562,000	2,895,000
Fines and Forfeitures	1,028,500	1,028,500
Sale of Property and Compensation for Loss	995,000	370,000
Miscellaneous	516,000	659,250
Interfund Revenues	500,000	565,000
Appropriated Fund Balance	637,545	837,545
Federal Aid	814,450	611,200
Interfund Transfers	920,701	1,560,325
Long Term Debt Proceeds	1,800,000	1,620,000
State Aid	5,680,026	6,244,676
	<hr/>	<hr/>
Total Revenue	<u>\$ 78,829,227</u>	<u>\$ 81,798,874</u>
Expenditures:		
General Government Support	\$ 13,292,116	\$ 13,443,026
Education	444,000	354,000
Public Safety	16,492,033	16,899,533
Transportation	2,108,894	2,214,884
Economic Assistance and Opportunity	486,471	427,435
Culture And Recreation	6,759,259	7,096,910
Home And Community Services	8,025,000	8,017,940
Interfund Transfers	11,616,998	12,320,244
Employee Benefit	19,604,456	21,024,902
	<hr/>	<hr/>
Total Expenditures	<u>\$ 78,829,227</u>	<u>\$ 81,798,874</u>

Source: City of Long Beach Adopted Budgets. Summary itself isn't audited.

CITY OF LONG BEACH
Balance Sheet
General Fund
Fiscal Year Ended June 30:

	<u>2015</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents	\$ 8,287,218	\$ 3,425,998
Restricted Cash	34,881	30,862
Accounts Receivable	810,702	1,815,348
Benefit Assessment Receivable	166,847	168,930
Due From Other Funds	2,680,347	6,184,151
Advances to Other Funds	1,373,327	1,373,327
Due From Other Governments	2,819,170	2,376,482
Prepaid Items	41,343	96,066
	<hr/>	<hr/>
Total Assets	<u>\$ 16,213,835</u>	<u>\$ 15,471,164</u>
 Liabilities		
Accounts Payables and Accrued Liabilities	\$ 6,094,688	\$ 5,948,333
Due to Other Funds	200,982	981,353
Due To Other Governments	3,364	66,377
Tax and Assesment Refunds Payable	68,555	0
Unearned Revenues	238,451	680,553
	<hr/>	<hr/>
Total Liabilities	<u>\$ 6,606,040</u>	<u>\$ 7,676,616</u>
 Deferred Inflow of Resources		
Unavailable Revenues	472,931	246,199
	<hr/>	<hr/>
Total Deferred Inflow of Resources	<u>472,931</u>	<u>246,199</u>
 Fund Balances:		
Restricted	\$ 34,881	\$ 30,862
Nonspendable	1,414,670	1,469,393
Assigned	635,000	637,545
Unassigned	7,050,313	5,410,549
	<hr/>	<hr/>
Total Fund Equity	<u>9,134,864</u>	<u>7,548,349</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances		
	<u>\$ 16,213,835</u>	<u>\$ 15,471,164</u>

Source: Audited Financial Statements of the City. Summary itself isn't audited.

CITY OF LONG BEACH
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Fiscal Year Ended June 30:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Real Property Taxes	\$ 28,298,601	\$ 32,574,456	\$ 33,053,752	\$ 32,604,023	\$ 33,644,491
Other Tax Items	601,474	589,935	479,862	495,103	525,970
Non-Property Tax Items	4,245,554	4,437,062	5,116,686	5,333,572	5,041,559
Departmental Income	17,259,172	15,368,845	16,192,225	18,203,106	20,210,897
Intergovernmental Charges	743,969	754,011	975,878	1,378,073	296,108
Use Of Money And Property	545,875	545,634	399,474	536,565	640,915
Licenses And Permits	1,141,019	1,155,572	1,675,810	3,992,911	1,871,983
Fines And Forfeitures	946,177	750,929	699,556	748,955	798,254
Special Assessments	478,930	537,606	800,174	-	-
Sale Of Property And Compensation For Loss	-	-	-	401,517	618,637
Miscellaneous	211,465	260,273	499,179	780,523	844,315
Interfund Revenues	-	-	410,725	53,191	180,725
State and Federal Aid	6,610,678	6,486,347	5,497,389	6,044,924	6,444,947
Total Revenues	\$ 61,082,914	\$ 63,460,670	\$ 65,800,710	\$ 70,572,463	\$ 71,118,801
Expenditures:					
General Government Support	\$ 12,674,922	\$ 10,709,814	\$ 12,517,613	\$ 14,349,805	\$ 13,543,278
Public Safety	15,877,391	14,895,398	21,056,595	17,153,481	17,277,790
Transportation	1,847,568	1,567,244	1,618,824	2,005,825	2,147,642
Economic Assistance	137,185	107,099	136,002	299,137	680,623
Culture And Recreation	7,247,955	5,712,571	6,776,869	6,712,869	6,859,876
Home And Community Services	9,090,981	7,147,359	7,756,257	8,391,745	8,333,662
Education	47,782	151,791	297,951	365,759	267,964
Employee Benefits	17,953,874	17,344,192	18,515,713	19,722,303	20,226,230
Debt Service	580,193	66,118	611,636	103,555	113,897
Total Expenditures	\$ 65,457,851	\$ 57,701,586	\$ 69,287,460	\$ 69,104,479	\$ 69,450,962
Excess (Deficiency) of Revenues Over (Under Expenditures)	\$ (4,374,937)	\$ 5,759,084	\$ 3,486,750	\$ 1,467,984	\$ 1,667,839
Other Financing Sources (Uses):					
Issuance of Debt	-	-	12,285,414	-	-
Premiums on Obligations	57,130	5,021,200	-	2,920,000	-
Operating Transfer In	27,361	250	4,904,319	636,805	1,354,283
Premiums on Debt Issuance	-	-	52,827	-	-
Operating Transfers out	(3,847,065)	(4,190,975)	(4,678,009)	(5,818,889)	(7,476,088)
Debt Proceeds	-	-	-	-	2,867,451
Total Other Financing Sources (Uses)	\$ (3,762,574)	\$ 830,475	\$ 12,564,551	\$ (2,262,084)	\$ (3,254,354)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(8,137,511)	6,589,559	9,077,801	(794,100)	(1,586,515)
Fund Balance Beginning of Year	\$ 2,399,115	\$ (5,738,396)	\$ 851,163	\$ 9,928,964	\$ 9,134,864
Fund Balance End of Year	<u>\$ (5,738,396)</u>	<u>\$ 851,163</u>	<u>\$ 9,928,964</u>	<u>\$ 9,134,864</u>	<u>\$ 7,548,349</u>

Source: Audited Financial Statements of the City. Summary itself isn't audited.

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APPENDIX C
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016*

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

<https://emma.msrb.org/ES1205460.pdf>

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

*** Albrecht, Viggiano, Zureck & Company, P.C., Certified Public Accountants has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

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APPENDIX D

MUNICIPAL BOND INSURANCE AND SPECIMEN POLICY

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BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$508.7 million, \$79.5 million and \$429.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN