

NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 2008

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. **The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See “Tax Exemption” herein.)

**TOWN OF WEST TISBURY
MASSACHUSETTS**

(Book-Entry Only)

\$4,000,000

**GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Unlimited Tax)**

Dated: November 13, 2008

Due: October 15, 2009

The Notes, in book-entry form, are offered without the option of prior redemption. The principal of and interest on the Notes are payable at maturity in federal reserve funds by The Bank of New York Mellon Trust Company, N.A., in Boston, Massachusetts or its successor as Paying Agent. **Bidders, bidding on all the Notes at a single rate of interest, may elect to denominate the Notes as physical securities or as “Book-Entry” securities to be held by The Depository Trust Company (“DTC”).**

The legality of the Notes will be approved by Edwards Angell Palmer & Dodge LLP of Boston, Massachusetts, Bond Counsel to the Town. It is expected that the Notes will be delivered to The Depository Trust Company, or its custodial agent, against payment to the account of the Town in **federal reserve funds** on or about November 13, 2008.

Electronic Bids Via *i-Deal*[®]

or

Faxed Bids Received

at (508) 234-1938

Until

11:00 A.M. (Local Time)

Thursday, October 30, 2008



UniBank Fiscal Advisory Services, Inc.

Dated: October 23, 2008

ISSUE SUMMARY STATEMENT

Issuer: Town of West Tisbury, Massachusetts

Date of Sale: Thursday, October 30, 2008 until 11:00 a.m. (local time)

Method of Sale: Electronic Bids Via *i-Deal*[®] or Faxed Bids at (508) 234-1938

Issue: \$4,000,000 General Obligation Bond Anticipation Notes (Unlimited Tax) – Book-Entry Only

Dated Date of Notes: November 13, 2008

Maturity Date of Notes: October 15, 2009

Interest Calculation: 30/360 (332/360)

Rating: Standard & Poor's has assigned a SP1+ rating to the Notes and upgraded the Town's long term rating to AA/Stable.

Security: The Notes are valid general obligations of the Town of West Tisbury, Massachusetts and, except to the extent that they are paid from the bonds in anticipation of which they are being issued or from any other available monies, the principal of and interest on the Notes are payable from taxes which may be levied upon all property in the Town without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

Basis of Award: Lowest net interest cost (NIC) after the subtraction of any premium offered.

Tax Exemption: Refer to Tax Exemption herein.

Continuing Disclosure: Refer to Disclosure of Material Events herein.

Bank Qualification: **The Town will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, in the opinion of Bond Counsel, a deduction will be allowed to a financial institution for eighty percent of its interest expense allocable to the Notes.**

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Boston, Massachusetts

Legal Opinion: Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Notes will be delivered to The Depository Trust Company, or its custodial agent, against payment to the account of the Town in federal reserve funds on or about November 13, 2008.

Issue Contacts: Katherine Logue, Treasurer, Town of West Tisbury,
tel # (508) 696-0108;
Lynne A. Ludwig, Vice-President, UniBank Fiscal Advisory Services, Inc., tel #
(508) 849-4223;
Roger Vacco, Esq., Edwards Angell Palmer & Dodge LLP, Boston, MA
tel# (617) 239-0104

Additional Information: Refer to the Preliminary Official Statement dated October 23, 2008.

Notice of Sale

**TOWN OF WEST TISBURY
Massachusetts**

(Book-Entry Only)

**\$4,000,000
GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Unlimited Tax)**

The Town of West Tisbury, Massachusetts, will receive electronic bids Via *i-Deal*[®] or faxed bids at (508) 234-1938 until 11:00 A.M. (local time) on

October 30, 2008

for the purchase of \$4,000,000 General Obligation Bond Anticipation Notes of the Town (the “Notes”). The Notes, in book-entry form, will be dated November 13, 2008 and will mature October 15, 2009.

Interest will be payable at maturity and will be computed on a 30 day month 360 day year basis (332/360). Both principal and interest on the Notes will be payable in federal reserve funds to DTC by The Bank of New York Mellon Trust Company, N.A., in Boston, Massachusetts, or its successor, as Paying Agent. **Bidders, bidding on all the Notes at a single rate of interest, may elect to denominate the Notes as physical securities or as “Book-Entry” securities to be held by The Depository Trust Company (“DTC”).**

Bids may be for all or part of the Notes at a single or various rates of interest in a multiple of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). **The minimum amount to be bid at a single rate of interest on the Notes is \$1,000,000.** No bid if less than par and accrued interest to date of delivery will be considered.

The Notes will be awarded on the basis of the lowest net interest cost to the Town after the subtraction of any premium offered. In the event a bidder offering a premium for the Notes is awarded a lesser amount of Notes than bid, the premium will be reduced proportionately. The award of the Notes to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

The Notes will be issued by means of a book-entry system evidencing ownership in principal amounts of \$1,000 or integral multiples thereof, and transfer of the Notes on the records of The Depository Trust Company and its Participants.

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Each purchaser will be furnished the opinion of Edwards Angell Palmer & Dodge LLP of Boston, Massachusetts, approving the legality of the Notes. The opinion will state that the Notes are valid general obligations of the Town of West Tisbury and that, except to the extent they are paid from the bonds in anticipation of which they are issued or from any other available monies, principal and interest on the Notes are payable from taxes which may be levied upon all property in the Town without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws. The opinion will further indicate that the interest on the Notes is exempt from Massachusetts personal income taxes and is excludable from gross income for federal income tax purposes (see "Tax Exemption"). Payment of the principal and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any fund or source.

On or prior to the date of delivery of the Notes, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel to the effect that (a) as of October 30, 2008 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all the Notes to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of the underwriters or wholesalers) in a bona fide public offering at the price set forth in such certificate, plus accrued interest, if any, (b) such price represents the fair market price of the Notes as of the Sale Date, and (c) as of the date of such certificate, all of the Notes have been offered to the general public in a bona fide offering at the price set forth in such certificate, and at least 10% of the principal amount of the Notes actually has been sold to the general public at such price. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Notes, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Notes for federal tax law purposes. If the Purchaser is purchasing the Notes for its own account and not on behalf of another party, and the Purchaser does not presently intend to resell the Notes, the successful bidder will be required to so certify.

It is anticipated that CUSIP identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town, provided however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission the Town will undertake to provide notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Town will designate these Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. Accordingly, a deduction will be allowed to a financial institution for eighty percent of its interest expense allocated to the Notes.

Any questions regarding this Notice of Sale or the Preliminary Official Statement should be directed to Lynne A. Ludwig, Vice-President, UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts at (508) 849-4223 or Katherine Logue, Town Treasurer, at (508) 696-0108. This Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates, and any other items of the Notes depending on such matters and the identity of the underwriters. Within seven business days following the award of the Notes and receipt of necessary information from the successful bidder, 10 copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the successful bidder.

The Notes will be delivered to The Depository Trust Company, or its custodial agent, against payment to the account of the Town in *federal reserve funds* on or about November 13, 2008.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF WEST TISBURY
Massachusetts**

/s/ Katherine Logue
Town Treasurer

Dated: October 23, 2008

Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the following information contained in the Preliminary Official Statement other than matters expressly set forth as the opinion of Bond Counsel.

OFFICIAL STATEMENT

**TOWN OF WEST TISBURY
MASSACHUSETTS
(Book-Entry Only)**

**\$4,000,000
GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Unlimited Tax)**

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of West Tisbury Massachusetts (the "Town") in connection with the sale of \$4,000,000 General Obligation Bond Anticipation Notes of the Town (the "Notes").

The Notes are being offered for sale at a public bidding, and a Notice of Sale dated October 23, 2008, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Notes will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. Payment of the principal of and interest on the Notes is not limited to a particular fund or revenue source. The security for the Notes is more fully described under the caption Security and Remedies below.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: Katherine Logue, Town Treasurer, (508) 696-0108; Lynne A. Ludwig, Vice-President, UniBank Fiscal Advisory Services, Inc. (508) 849-4223, or Roger Vacco, Esq., Edwards Angell Palmer & Dodge LLP, (617) 239-0104.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be dated November 13, 2008 and will mature on October 15, 2009 with interest at the rate or rates determined upon their sale payable at maturity. The Notes will be issued in book-entry form in principal amounts of \$1,000 or integral multiples thereof, with transfer of the Notes on the records of The Depository Trust Company and its Participants. Interest will be computed on a 30/360-day year basis (332/360). The Notes will be issued without the option of prior redemption. Both principal and interest will be payable to DTC by The Bank of New York Mellon Trust Company, N.A., in Boston, Massachusetts, or its successor, as Paying Agent. **Bidders, bidding on all the Notes at a single rate of interest, may elect to denominate the Notes as physical securities or as "Book-Entry" securities to be held by The Depository Trust Company ("DTC").**

AUTHORIZATION AND USE OF PROCEEDS

The Notes are authorized as follows:

<u>Amount</u>	<u>Purpose</u>	<u>Statutory Purpose</u>	<u>Vote Authorization Date</u>
\$4,000,000	Town Hall Renovation	M.G.L. Ch. 44, s.7 (3A)	4/08/08 & 4/10/08

The proceeds of the Notes will be used to provide temporary financing for these projects. **The Town has voted to exclude the Town Hall Renovation debt from the provision of Proposition 2 ½.**

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" and setoffs of state distributions, no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. Subject to the approval of the

State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “Serial Bonds and Notes” above) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not

been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws.

OPINION OF BOND COUNSEL

Each original purchaser will be furnished a copy of the opinion of Edwards Angell Palmer & Dodge LLP of Boston, Massachusetts, approving the legality of the Notes. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy of any statements made in the Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with these requirements may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The Town has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Notes or the income therefrom under the laws of any state other than Massachusetts.

To the extent the issue price of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of the Notes is the first price at which a substantial amount of such Notes is sold to the public (excluding note houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Noteholders should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Notes, or, in some cases, at the earlier redemption date of such Notes ("Premium Notes"), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder's basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Notes. Prospective Noteholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Accordingly, a deduction will be allowed to a financial institution for eighty percent of its interest expense allocable to the Notes.

Book-Entry Transfer System

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

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

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

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

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

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

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

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

RATING

Standard & Poor's has assigned an SP1+ rating on the Notes. Outstanding general obligation bonds of the Town have been rated upgraded to AA/Stable by Standard & Poor's. The rating reflects only their view and are subject to revision or withdrawal, which could affect the market price of the Notes.

DISCLOSURE OF MATERIAL EVENTS

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the Issuer will covenant for the benefit of the owners of the Notes to file with each nationally recognized municipal securities information repository (and with the appropriate state information depository, if any), notices of the occurrence of any of the following events with respect to the Notes, if material: (a) principal and interest payment delinquencies; (b) non-payment related defaults; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions or events affecting the tax-exempt status of the Notes; (g) modifications to

rights of owners of the Notes; (h) bond calls; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes; or (k) changes in the ratings on the Notes. (It should be noted that as of this date events of the types described in clauses (b), (c) (d), (e), (h), and (j) are not applicable to the Notes.)

The covenant will be included in a Material Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Issuer to comply with any provision of the certificate shall be an action for specific performance of the Issuer's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate. The Issuer has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events in accordance with the Rule.

PART II

THE TOWN OF WEST TISBURY, MASSACHUSETTS

The Town of West Tisbury, incorporated in 1892, is governed by the open town meeting form of government.

CONSTITUTIONAL STATUS and FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of the State Government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the Governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called "towns," have adopted a similar city form of government with a town council and Town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of three selectmen, elected for staggered three-year terms on an at-large basis who are assisted by an Executive Secretary. Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	Dianne Powers, Vice-Chair	Elected/3 years	2010
	Richard Knabel	Elected/3 years	2011
	Jeffrey S. Manter, Chair	Elected/3 years	2009
Executive Secretary	Jennifer Rand	Appointed/1 year	2009
Town Treasurer	Katherine Logue	Elected/1 year	2009
Town Collector	Brent B. Taylor	Elected/1 year	2009
Town Clerk	Prudence M. Whiting	Elected/1 year	2009
Accountant	Bruce K. Stone	Appointed/3 years	2010
Town Counsel	Ronald H. Rappaport	Appointed/1 year	2009

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, parks and recreation, and cemetery maintenance and operation. Public education in grades pre-kindergarten through eight is provided by the Up-Island School District which operates two facilities; one located in West Tisbury and the other in the neighboring town of Chilmark. Education in grades 9-12 are provided by the Martha’s Vineyard Regional School District. The Martha’s Vineyard Public Charter School, created in 1996, provides academic education, island-wide, to grades K-12. The school’s current enrollment (as of October 1, 2006) is 159 of which 31 students are from West Tisbury.

The Martha’s Vineyard Refuse Disposal and Resource Recovery District provides residential refuse and recycling services to the Town.

The principal services provided by The County of Dukes County are space for courts, a jail and house of correction, and registry of deeds. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of its general obligation notes. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth’s expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of

an abolished county an amount equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years in the case of Essex county) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in other counties.

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority provides ferry service from Woods Hole, Hyannis, and New Bedford. Bus transportation is provided by The Martha's Vineyard Transit Authority from mid-June through Columbus Day with limited year-round routes.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present debt limit of the Town, based on the 2006 equalized valuation, is \$127,640,830. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 per cent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to a separate limit). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see "Taxation to Meet Deficits" below). In any event, the period from the original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds or notes issued for certain purposes, including self-supporting enterprise purposes, certain state-aided school projects, and certain community preservation and open space projects, as well as for those projects for which debt service has been exempted from property tax limitations. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing, or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. Most of the purposes are capital projects. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum term measured from the date of the original bonds or notes.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may under statute be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and town having electric departments may issue electric revenue bonds and notes in anticipation of such bonds, subject to approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT ⁽¹⁾

The following shows the direct debt outstanding as of November 13, 2008:

General Obligation Bonds:		
Within General Debt Limit ⁽²⁾		
Land Acquisition	\$ 180,000	
Streets, Sidewalks & Parking	215,000	
Other Building	<u>1,045,000</u>	
Total Within Debt Limit		\$ 1,440,000
Outside General Debt Limit:		
School	<u>2,170,000</u>	
Total Outside Debt Limit		<u>2,170,000</u>
Total Long-Term Indebtedness		<u>\$ 3,610,000</u>
Temporary Loans in Anticipation of:		
Revenue	\$ 0	
Bonds ⁽⁴⁾	4,000,000	
Grants	<u>0</u>	
Total Temporary Loans		<u>\$4,000,000</u>
Total Direct Debt		<u>\$7,610,000</u> ⁽³⁾

⁽¹⁾ Principal amount only. Excludes lease and installment purchase obligations overlapping debt and unfunded pension liability.

⁽²⁾ At the present time, the normal general debt limit is \$127,640,830 and the double general debt limit is \$255,281,660 based on the equalized valuation for 2006.

⁽³⁾ **The Town has voted to exclude \$3,485,000 of outstanding debt as well as this \$4,000,000 issuance of Notes, from the tax limitations of Proposition 2 1/2.**

⁽⁴⁾ This issuance of Notes.

Authorized Unissued Debt and Prospective Financing

The Town has \$4,900,000 authorized unissued debt for the renovation of Town Hall. The Town expects to permanently finance the project in fiscal 2010.

FIVE YEARS OUTSTANDING DEBT ⁽¹⁾

	As of June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Long-Term Indebtedness:					
Within the General Debt Limit					
Land Acquisition	\$ 210,000	\$ 240,000	\$ 270,000	\$ 306,000	\$ 0
Other Building	1,200,000	1,420,000	1,640,000	1,541,000	0
Streets, Sidewalks & Parking	<u>430,000</u>	<u>650,000</u>	<u>870,000</u>	<u>1,090,000</u>	<u>0</u>
Total Within the General Debt Limit	1,840,000	2,310,000	2,780,000	2,937,000	0
Outside the General Debt Limit:					
Schools	<u>2,170,000</u>	<u>2,535,000</u>	<u>2,900,000</u>	<u>3,265,000</u>	<u>3,630,000</u>
Total Outside the General Debt Limit	<u>2,170,000</u>	<u>2,535,000</u>	<u>2,900,000</u>	<u>3,265,000</u>	<u>3,630,000</u>
Total Long-Term Indebtedness	4,010,000	4,845,000	5,680,000	6,202,000	3,630,000
Short-Term Indebtedness:					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,850,000</u>	<u>1,968,555</u>
Total Short-Term Indebtedness	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>1,850,000</u>	<u>1,968,555</u>
Total Outstanding Indebtedness	<u>\$4,010,000</u>	<u>\$4,845,000</u>	<u>\$5,680,000</u>	<u>\$8,052,000</u>	<u>\$5,598,555</u>

⁽¹⁾ Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Bonded Debt vs. Population, Valuations and Income

	(000) omitted As of June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Amount (000 omitted) ⁽¹⁾	\$4,010	\$4,845	\$5,680	\$6,202	\$3,630
Per Capita ⁽²⁾	\$1,517	\$1,833	\$2,149	\$2,322	\$1,360
Percent of Assessed Valuation ⁽³⁾	0.15%	0.20%	0.25%	0.28%	0.22%
Percent of Equalized Valuation ⁽⁴⁾	0.16%	0.19%	0.29%	0.31%	0.22%
Per Capita as a percent of Personal Income Per Capita ⁽²⁾	4.89%	5.91%	6.93%	7.49%	4.38%

⁽¹⁾ Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

⁽²⁾ Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

⁽³⁾ Source: Board of Assessors - assessed valuation as of the prior January 1.

⁽⁴⁾ Source: Massachusetts Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

ANNUAL DEBT SERVICE ⁽¹⁾

Fiscal Year	Outstanding as of 11/13/08		Total Debt Service	Cumulative% Principal Retired
	Principal ⁽²⁾	Interest ⁽²⁾		
2009	\$ 430,000	\$ 82,847	\$ 512,847	11.9%
2010	825,000	133,612	958,612	34.8
2011	550,000	103,499	653,499	50.0
2012	550,000	78,738	628,738	65.2
2013	550,000	53,447	603,447	80.5
2014	525,000	28,013	553,013	95.0
2015	180,000	3,375	183,375	100.0%
	<u>\$3,610,000</u>	<u>\$483,529</u>	<u>\$4,093,529</u>	

⁽¹⁾ Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt and unfunded pension liability.

⁽²⁾ Principal in the amount of \$3,485,000 and interest in the amount of \$476,259 has been excluded from the limitations of Proposition 2 1/2.

Revenue Anticipation Borrowing

The Town last issued \$1,500,000 Revenue Anticipation Notes in 2006. The Town did not borrow in anticipation of revenue in fiscal years 2007 and 2008 and does not anticipate issuing in anticipation of revenue for fiscal 2009.

OVERLAPPING DEBT ⁽¹⁾

The following table indicates the portion of overlapping debt relating to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of West Tisbury</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2009</u>
The County of Dukes County ⁽²⁾	\$ 350,000	\$ 0	14.25%	\$ 114,799
Martha's Vineyard Regional School District ⁽³⁾	\$7,755,000	\$ 200,000	20.56%	\$2,221,881
Up-Island Regional School District ⁽⁴⁾	\$300,000	\$ 0	63.7%	\$5,553,733
Martha's Vineyard Refuse Disposal and Resource Recovery District ⁽⁵⁾	\$1,205,000	\$1,445,000	15.5%	\$ 113,331

⁽¹⁾ Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

⁽²⁾ Source: Treasurer, Dukes County. Outstanding debt is as of November 13, 2008. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. Shares of debt service vary from year to year according to valuations of taxable property as last equalized by the State Department of Revenue. Amount shown here is based on the 2004 equalized valuations.

⁽³⁾ Source: Martha's Vineyard Regional School District. Debt is as of November 13, 2008. The other District members are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. Towns may organize regional school districts to carry out general or specialized educational functions. The debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. The Town has voted to exclude their share of the District's debt service from the limitations of Proposition 2 ½.

⁽⁴⁾ Source: Up-Island School District. Debt as of November 13, 2008. The other District members are the Towns of Aquinnah and Chilmark.

⁽⁵⁾ Source: Treasurer, Martha's Vineyard Refuse Disposal and Resource Recovery District. Debt is as of November 13, 2008.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewer treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies. The Town has not entered into any lease or installment purchase contracts of a substantial nature.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

Contingent Liabilities

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority. The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority") was created by Chapter 701 of the Massachusetts Acts of 1960, as amended, (the "Act"). The Act provides for the acquisition, maintenance and operation of a boat service operating between the mainland and the islands of Nantucket and Martha's Vineyard and authorizes the Authority to issue revenue bonds for replacement and new construction or acquisition of vessels and other facilities required to provide adequate service.

The Authority is composed of five voting members: one resident of the County of Nantucket County appointed by the County Commissioners; one resident of The County of Dukes County appointed by the County Commissioners; one resident of the Town of Falmouth appointed by the selectmen; one resident of the Town of Barnstable appointed by the Town Council; and one member who is a resident of the City of New Bedford appointed by the Mayor of the City of New Bedford with the approval of the City Council.

Section 9 of the Act establishing the Authority provides that, if at any time any principal or interest is due or about to become due on bonds issued by the Authority and funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall thereupon pay over to the Authority the amount so certified. In the opinion of bond counsel to the Authority, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. Section 9 further provides that the Authority or any holder of any unpaid bond shall have the right to require the Commonwealth to pay the Authority the amount remaining unpaid, which right shall be enforceable as a claim against the Commonwealth.

Also under Section 9 of the Act, if on the last day of December in any year the amount remaining in the Authority's reserve fund shall be insufficient to meet the cost of service, including interest on and amortization of bonds or notes of the Authority, the Authority shall notify the State Treasurer of the amount of such deficiency, less the amount in the reserve fund applicable thereto, and The Commonwealth of Massachusetts shall thereupon pay over to the Authority the amount of such deficiency, and the Authority shall apply the amount so received from the Commonwealth in payment of such deficiency. In order to meet any such payment by the Commonwealth the State Treasurer may borrow such sums as may be necessary therefor, in anticipation of the assessments described below to be levied upon the towns specified. Depending on the term of any such borrowing, a two-thirds vote of the legislature and a recommendation by the Governor of the term of the borrowing may be prerequisites to a borrowing by the State Treasurer. The Act further provides that, pending such payment by the Commonwealth, the Authority shall borrow such amount as may be necessary to enable it to make all payments as they become due.

In addition the Act provides that, in the event the Commonwealth shall be called upon to pay the Authority any amount on account of any such deficiency, such amount with interest or other charges incurred in borrowing the money for the purpose, except such amounts as may be appropriated by the general court therefore, shall be assessed on the Towns of Barnstable, Falmouth and Nantucket and the City of New Bedford and The County of Dukes County, in the following proportions: 10% each on the Towns of Barnstable and Falmouth and the City of New Bedford; 35% on the Town of Nantucket, and 35% on The County of Dukes County. The County Commissioners of the County of Dukes County shall allocate such assessment upon said County to be paid severally by the towns in said county, excepting the Town of Gosnold, in the same proportions as in the assessment of the county tax. The City of New Bedford shall be assessed fifty percent of any net operating losses, not to exceed \$650,000 annually, accrued for any passenger and freight service run by the Authority

from the port of New Bedford which is directly attributable to such service, excluding any net operating losses resulting from the operation of the Authority's M/V Schamonchi, in the calendar years 2003, 2004 and 2005 and 25 percent of any such net operating losses, not to exceed \$650,000 annually, accrued in calendar years 2006 and 2007. In calendar year 2008 and thereafter, the City of New Bedford shall pay ten percent of any annual deficiency, in an identical fashion, to the Towns of Falmouth and Barnstable, pursuant to this section. At the end of each calendar year beginning with the calendar year subsequent to 2002, the Authority shall prepare a report calculating the operating losses in accordance with generally accepted accounting principles and shall submit the same to the Auditor of the Commonwealth for his approval. The amount certified by the Auditor shall be paid to the Authority by the State Treasurer and assessed on the City of New Bedford in accordance with the above principles.

Pursuant to Chapter 580 of the Act of 1980 as amended by Chapter 782 of the Acts of 1981 ("Proposition 2 1/2"), the annual increase in the total assessments on account of the Authority's operations is limited to (a) 2 1/2 percent of the prior year's assessments and (b) "any increase in costs, charges or fees for service customarily provided locally or for services subscribed to at local option". No such assessments have needed to be made since the effective date of Proposition 2 1/2. The obligation of the Commonwealth to make payments under Section 9 of the Act, is not in any way conditional upon the payment of such assessments.

The obligation of the Commonwealth to make a payment required by Section 9 of the Act, the payment of a judgment obtained against the Commonwealth under Section 9 of the Act, and the ability of the State Treasurer to issue notes of the Commonwealth to make any payment pursuant to Section 9 of the Act, may be subject to legislative appropriation of the necessary funds.

The Town is contingently liable for 15.27% of the amount of any deficit, including operating and debt service costs, of the Authority. As of December 31, 2007, the Authority had \$60,010,000 revenue bonds outstanding against its \$75,000,000 borrowing authority and the amount of monies in its reserve fund totaled \$3,000,500 as of December 31, 2007. For the fiscal year ended December 31, 2007, the Authority's operating revenues and other resources exceeded costs of service by \$6,711,500. The Town is not required to make payment to the Authority unless the amount in the Authority's reserve fund is insufficient. Since 1962, the Town has never had to make any such payment to the Authority.

Source: The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts

in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system’s pension reserve fund in any given year up to five percent of the preceding year’s tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system’s retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2028, with annual increases in the scheduled payment amounts of not more than 4.5 percent. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule.

Under legislation enacted in 2003, cities and towns that accepted its provisions and that obtained certain state approvals therefore could, within limits, reduce the amount of their scheduled appropriations for fiscal year 2004 and fiscal year 2005 for the unfunded portion of their pension liability to offset recent reductions in state aid. Cities and towns that reduced such appropriations were required to revise their retirement system funding schedule for eliminating their unfunded pension liability and could extend such schedule by one year, provided that in no event could such funding schedule extend beyond June 30, 2028. The Town did not vote to reduce its appropriations in those years.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the “PRIT Fund”), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of The County of Dukes County. The annual contributions of the Town to the retirement system for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>
2009 (budgeted)	\$237,245
2008	219,370
2007	219,311
2006	197,946
2005	188,222
2004	168,287

As of January 1, 2007, The Dukes County Retirement System had assets valued at \$53,493,298 to support an actuarial accrued liability of \$82,756,817, leaving an estimated unfunded liability in the amount of \$29,263,519. West Tisbury's share of the liability is \$1,705,794.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

⁽¹⁾ Source: *Dukes County Retirement System*

Other Post-Employment Benefits. In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Although cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, Massachusetts General Laws do not currently provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding this liability in the same manner as traditional pension benefits.

The Town is required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010. The Town had hired an outside firm to perform an actuarial valuation of its post-employment benefit liability and such valuation has been completed. Per the first actuarial study, the accrued liability, assuming a 30-year amortization, and payment schedule for the unfunded liability, and an 8% discount rate, is \$2,343,516 or an Annual Required Contribution of \$163,559. Since this study, the Town has eliminated its most expensive indemnity-based health insurance plan and adopted Section 18 of the Massachusetts General Laws, Chapter 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. Both of these measures are expected to result in a lower liability calculation when the actuarial study is updated in 2010. In addition, at the 2008 Annual Town Meeting, \$150,000 was set aside in an OPEB Stabilization Fund to begin funding the unfunded liability, and the Treasurer is collaborating with other municipal entities in Dukes County to file special legislation to create an OPEB Trust Fund.

PROPERTY TAXATION AND VALUATION

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. Until fiscal year 2004, the share required to be borne by residential real property was at least 50 per cent of its share of the total taxable valuation; under legislation enacted in the beginning of 2004, however, cities and towns were authorized to reduce the required share to be borne by residential real property to at least 45 per cent of its share of the total taxable valuation in fiscal year 2004, 47 per cent in fiscal year 2005, 49 per cent in fiscal year 2006 and 50 per cent thereafter. The effective rate for open space must be at least 75 per cent of the effective rate for residential

real property. Until fiscal year 2004, the share of commercial, industrial and personal property was limited to not more than 175 per cent of their share of the total valuation; under legislation enacted in the beginning of 2004, however, cities and towns were authorized to increase the limit on the share of the total taxable valuation of such property to not more than 200 per cent in fiscal year 2004, 197 per cent in fiscal year 2005, 190 percent in fiscal year 2006, 183 percent in fiscal year 2007, 175 per cent in fiscal year 2008, and, if the share of such property in a particular city or town exceeded 175 per cent in any of fiscal years 2004 through 2007, 170 per cent in fiscal years 2009 and thereafter. Under legislation recently enacted, for fiscal years 2008 and thereafter, the share of the annual levy to be borne by residential real property must be at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 per cent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forestland, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation" (see Debt Limits above).

Valuations

The following shows the assessed and equalized valuations for the most recent fiscal years:

	For Fiscal Year				
	<u>2008</u> ⁽³⁾	<u>2007</u>	<u>2006</u>	<u>2005</u> ⁽³⁾	<u>2004</u>
Real Property ⁽¹⁾	\$2,687,025,900	\$2,451,795,500	\$2,211,712,300	\$2,181,902,000	\$1,632,797,500
Personal Property ⁽¹⁾	<u>27,116,004</u>	<u>23,237,526</u>	<u>22,389,861</u>	<u>21,517,069</u>	<u>23,266,552</u>
Total	<u>\$2,714,141,904</u>	<u>\$2,475,033,026</u>	<u>\$2,234,102,161</u>	<u>\$2,203,419,069</u>	<u>\$1,656,064,052</u>
Equalized Value ⁽²⁾	\$2,552,816,600	\$2,552,816,600	\$1,980,075,700	\$1,980,075,000	\$1,652,350,200
Percent of Total Assessed to Equalized Valuation	106.3%	97.0%	112.8%	111.3%	100.2%

⁽¹⁾ As of January 1, 2007, 2006, 2005, 2004 and 2003, respectively.

⁽²⁾ Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years. The equalized valuation for fiscal 2007 is proposed.

⁽³⁾ Revaluation year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2008, 2007 and 2006 by classification:

Type of Property	Fiscal 2008 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2007 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2006 Assessed Valuation	% of Total Assessed Valuation
Residential	\$2,622,810,068	96.6%	\$2,387,533,453	96.5%	\$2,154,446,820	96.4%
Commercial	59,881,732	2.2	59,966,247	2.4	53,818,780	2.4
Industrial	4,334,100	0.2	4,295,800	0.2	3,446,700	0.2
Personal	27,116,004	1.0	23,237,526	0.9	22,389,861	1.0
Total	\$2,714,141,904	100.0%	\$2,475,033,026	100.0%	\$2,234,102,161	100.0%

Tax Rates

The following shows the average tax rates per \$1,000 of assessed valuation, and the estimated full value rate based on the equalized valuations for the most recent fiscal years:

Fiscal Year	Actual Tax Rate	Full Value Rate
2008	\$4.10	\$4.36
2007	4.38	5.47
2006	4.77	5.38
2005	4.52	5.03
2004	5.38	5.39

LARGEST TAXPAYERS ⁽¹⁾

The following shows the ten largest taxpayers:

Name	Nature of Business	Fiscal 2008 Assessed Valuation	Amount of Tax	% of Total Levy
Individual	Residential	\$51,338,013	\$224,860.50	2.07%
Individual	Residential	34,104,200	149,376.40	1.38
Individual	Residential	29,267,467	128,191.51	1.18
Individual	Residential	26,722,314	117,043.74	1.08
Individual	Residential	22,643,808	99,179.88	0.91
Individual	Residential	21,961,722	96,192.34	0.89
Individual	Residential	20,770,376	90,974.25	0.84
Individual	Residential	20,086,609	87,979.35	0.81
Individual	Residential	17,926,600	78,518.51	0.72
Individual	Residential	16,841,987	73,767.90	0.68
Total		\$261,663,096	\$1,146,084.36	10.57%

⁽¹⁾ As of January 1, 2007. All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see Security and Remedies above.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" below) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 580 of the Acts of 1980, which was proposed by an initiative petition known as "Proposition 2 1/2", was adopted at the November 4, 1980 general election and took effect on December 4, 1980. The law is subject to amendment or repeal by the legislature. The legislation (as subsequently amended) imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **The Town has voted to exempt the debt service on these Notes as well as on \$3,485,000 of currently outstanding bonds from the limitations of Proposition 2 1/2, except as provided under Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a Town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 1/2 limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2 1/2 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under the statute any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulation imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see "Tax Increment Financing for Development Districts" below).

Initiative Petitions. Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

Calculation of Tax Levies

The following table shows the details of the calculation of the tax levies for the most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Appropriations	\$14,006	\$13,572	\$12,687	\$11,655	\$10,146
Other Local Expenditures	608	279	339	53	163
State & County Charges	218	234	172	176	172
Overlay Reserve	<u>183</u>	<u>174</u>	<u>145</u>	<u>138</u>	<u>80</u>
Total Gross Amount to be Raised	<u>15,015</u>	<u>14,259</u>	<u>13,343</u>	<u>12,022</u>	<u>10,561</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	1,017	1,001	720	669	605
Estimated Receipts - Local	2,428	1,846	1,161	732	748
Available Funds Appropriated:					
Free Cash	72	461	336	380	25
Other Available Funds	53	110	304	82	43
Free Cash & Other Revenue					
Used to Reduce the Tax Rate	<u>317</u>	<u>0</u>	<u>165</u>	<u>200</u>	<u>230</u>
Total Estimated Receipts & Revenue	<u>3,887</u>	<u>3,418</u>	<u>2,686</u>	<u>2,063</u>	<u>1,651</u>
	<u>\$11,128</u>	<u>\$10,841</u>	<u>\$10,657</u>	<u>\$9,959</u>	<u>\$8,910</u>

The following shows the calculation of levy limits for the most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Primary Levy Limit ⁽¹⁾	\$67,854	\$61,876	\$55,853	\$55,085	\$41,402
Prior Fiscal Year Levy Limit	10,189*	9,807*	9,448	8,396	7,442
2.5% Levy Growth	255	245	236	210	186
New Growth ⁽²⁾	138	136	121	257	115
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>585</u>	<u>653</u>
Growth Levy Limit	10,582	10,189	9,805	9,448	8,396
Debt Exclusions	922	921	936	587	578
Capital Expenditure Overrides	0	0	0	0	0
Other Adjustments	<u>62</u>	<u>56</u>	<u>71</u>	<u>5</u>	<u>48</u>
Tax Levy Limit	11,566	11,165	10,812	10,090	9,022
Tax Levy	<u>11,128</u>	<u>10,841</u>	<u>10,657</u>	<u>9,959</u>	<u>8,910</u>
Unused Levy Capacity ⁽³⁾	\$ 438	\$ 324	\$ 155	\$ 131	\$ 110
Unused Primary Levy Capacity ⁽⁴⁾	<u>\$57,272</u>	<u>\$51,687</u>	<u>\$46,047</u>	<u>\$45,638</u>	<u>\$33,006</u>

⁽¹⁾ 2.5% of assessed valuation.

⁽²⁾ Allowed addition for new valuations certified by the Department of Revenue.

⁽³⁾ Tax Levy Limit less Tax Levy.

⁽⁴⁾ Primary Levy Limit less Growth Levy Limit.

⁽⁵⁾* Recalculated due to certification of retroactive growth

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The Town has accepted a statute providing for quarterly tax payments which was implemented in fiscal year 1991. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 per cent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax rebates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws.) In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" below.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the most recent fiscal years:

	<u>For Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Tax Levy	\$11,127,982	\$10,840,645	\$10,656,667	\$9,959,454	\$8,909,625
Overlay Reserve for Abatements	<u>183,592</u>	<u>174,076</u>	<u>145,476</u>	<u>137,903</u>	<u>80,003</u>
Net Tax Levy ⁽¹⁾	<u>\$10,944,390</u>	<u>\$10,666,569</u>	<u>\$10,511,191</u>	<u>\$9,821,551</u>	<u>\$8,829,622</u>
Amount Collected During Fiscal Year Payable ⁽²⁾	\$10,654,209	\$10,406,964	\$10,164,476	\$9,506,097	\$8,518,078
Percent of Net Tax Levy	97.3%	97.6%	96.7%	96.8%	96.5%
Amount Collected Through 6/30/08 ⁽²⁾	\$10,654,209	\$10,705,962	\$10,546,136	\$9,812,297	\$8,866,940
Percent of Net Tax Levy	97.3%	100.4%	100.3%	99.9%	100.4%

⁽¹⁾ Net after deduction of overlay reserve for abatements.

⁽²⁾ Actual collections of levy less refunds and amounts refundable but including proceeds of tax, titles and tax possessions attributed to such levy but not including abatements or other credits.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during each fiscal year as well as through a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Tax Levy	\$11,127,982	\$10,840,645	\$10,656,667	\$9,959,454	\$8,909,625
Overlay Reserve for Abatements	183,592	174,076	145,476	137,903	80,003
Percent of Tax Levy	1.6%	1.6%	1.4%	1.4%	0.9%
Abatements Granted:					
During Fiscal Year of Levy	\$219,377	\$32,876	\$ 5,417	\$112,294	\$26,090
Through 6/30/08	\$219,377	\$33,002	\$34,478	\$137,678	\$30,783

Sale of Tax Receivables. Legislation enacted in 1996 authorized public sales by cities and town of delinquent property tax receivables, either individually or in bulk.

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Taxes Outstanding

The following shows taxes outstanding at the end of each of the last five fiscal years:

	For Fiscal Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Aggregate ⁽¹⁾	\$562,416	\$608,013	\$732,017	\$582,330	\$517,662
For Current Year ⁽¹⁾	254,395	315,691	486,774	341,063	358,608
Tax Titles and Tax Possessions	168,522	128,263	164,658	142,714	136,042

⁽¹⁾ Excludes tax titles, tax possessions and abated taxes. Includes taxes in litigation, if any.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in April. Appropriations may also be voted at special meetings. The Finance Committee (also the Board of Selectmen) is required to submit reports and recommendations on proposed expenditures at the annual town meeting.

Water and sewer department expenditures are generally included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under legislation enacted in 1981 any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State Aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In fiscal years 1994 through 2004, the Town's net school spending has exceeded the minimum required local contribution. The Town expects to exceed the minimum requirements in fiscal 2007.

Under recent legislation, the city council of a city on the recommendation of the mayor and the board of selectmen of a town with the concurrence of the finance committee may transfer within the last 2 months of fiscal years 2004 and 2005 any amount appropriated for the use of any department to the appropriation for any other department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

State and county assessments, the overlay for abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See Property Taxation and Valuation above.)

The following table sets forth the general governmental budgets for fiscal years 2009-2005:

Budget Comparison

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government	\$ 1,123,509	\$ 1,124,538	\$ 1,022,177	\$ 957,414	\$ 861,932
Protection of Persons & Property	1,429,998	1,406,775	1,342,876	1,140,816	989,920
Sanitation	171,581	162,197	177,264	177,610	163,006
Public Works	153,437	146,996	135,242	121,832	113,025
Library & Recreation	452,503	422,345	389,628	404,419	408,749
Education	7,775,614	7,835,742	7,352,490	7,360,960	7,026,145
Human Services	338,260	334,510	311,448	291,931	271,968
Insurance & Employee Benefits	700,323	636,770	615,498	565,546	539,772
County/State Assessments	218,977	217,866	233,513	172,178	175,808
Debt Service	880,690	824,694	842,697	849,848	475,531
Total	<u>\$13,244,892</u>	<u>\$13,112,433</u>	<u>\$12,422,833</u>	<u>\$12,042,554</u>	<u>\$11,025,856</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects) the Commonwealth of Massachusetts provides financial assistance to cities and towns for current purposes. Payment of local aid to cities and towns is derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. An initiative petition approved by the voters in November, 1990 provided that the amount of state aid distributed to a city or town in fiscal 1992 may not be less than the amount received in fiscal 1989, but implementation of this statute is subject to annual appropriation. Payments of state aid to cities and towns are based upon numerous separate formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the major programs has a termination date under existing law, but most of their funding is subject to annual appropriations by the State Legislature. The State annually provides municipalities with estimates of State aid for the next fiscal year but the actual State aid payments may vary from the estimates.

In the fall of 1986, both the State Legislature (by statute) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limits the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, these measures could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal 1992. Under the law, municipalities could defer budgeting for teacher's summer compensation payable at the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts were required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. *The Town did not adopt this legislation.*

The following table sets forth the amount of state aid to the Town in recent years as well as the amount budgeted for fiscal year 2009.

<u>Fiscal</u> <u>Year</u>	<u>Total</u> <u>State Aid</u>
2009 (budgeted)	\$1,049,875
2008	1,073,431
2007	997,522
2006	728,540
2005	671,954
2004	605,139

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved project costs included the interest expense incurred on debt issued by a municipality to finance the school project. In recent years, demand for school building assistance grants far exceeded available funds. As of July 1, 2004, a total of 425 projects for which completed grant applications had been submitted were still on the Department of Education's project priority list awaiting approval of a grant.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With

limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. The Authority expects to pay grants for all of the projects on the priority waiting list by the end of fiscal year 2008. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality. In most cases, the receipt of these progress payments from the Authority eliminates the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs.

Grant applications for new projects could not be submitted to the Authority until July 1, 2007. The range of reimbursement rates for such projects has been reduced to between 40% and 80% of approved project costs. The Authority recently promulgated new regulations with respect to the application and approval process for new projects. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills are payable within 30 days of their issue, and if not paid when due, bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years as well as the amount budgeted for fiscal year 2009:

<u>Fiscal Year</u>	<u>Receipts</u> ⁽¹⁾
2009 (budgeted)	
2008	375,368
2007	459,376
2006	438,909
2005	404,538
2004	325,193

⁽¹⁾ Net after refunds. Includes receipts for prior years.

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the "CPA"), permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted either by a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see “Tax Limitations” under “PROPERTY TAX” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. The legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town voted to accept the provisions of the CPA at the 2005 Annual Town Meeting. The Town approved the 3% surcharge with the exemption for the first \$100,000 and the exemption for low-income individuals and moderate-income senior citizens.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This included pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments

are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see “Tax Limitations” under “Property Tax” above).

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following shows the undesignated general fund balance and free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Undesignated General Fund Balance</u> ⁽¹⁾	<u>Free Cash</u>
2008 (estimated)	\$ 934,088	\$498,933
2007 (unaudited)	1,238,201	797,532
2006	761,630	482,911
2005 (unaudited)	810,414	568,496
2004	645,171	393,881
2003 (unaudited)	775,760	568,443

⁽¹⁾ The Undesignated Fund Balances for fiscal years 2003 and 2005 are unaudited as the Town had conducted their audits on a bi-annual basis. The Town recently changed its policy to issue audited financial statements on an annual basis, effective with the 2007 audited financials. The 2007 financials are in draft form at this time.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the town meeting. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Balance</u>
2008	\$661,935 ⁽¹⁾
2007	475,324
2006	434,182
2005	249,644
2004	312,278

⁽¹⁾ Includes the \$150,000 for the OPEB Stabilization Fund voted at the 2008 Annual Town Meeting.

INVESTMENTS

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements, with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust (“MMDT”),

or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer’s office. According to the State Treasurer the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44 of the General Laws, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town employs approximately 34 full-time and 24 part-time employees, as well as 18 seasonal employees. However, the Town does not have any unions or collective bargaining groups.

PHYSICAL AND ECONOMIC CHARACTERISTICS

GENERAL

The Town of West Tisbury is located on the island of Martha’s Vineyard. The Town is bordered on the northeast by the Town of Tisbury (Vineyard Haven), Edgartown to the east, the Atlantic Ocean to the south and Vineyard Sound on the northwest and the Town of Chilmark to the west. The Steamship Authority provides year-round passenger and freight service in the neighboring Town of Tisbury.

Based on fiscal 2008 assessed valuations, approximately 96.6% of the property is residential while 2.4% is commercial and industrial. According to the 2000 Federal Census, the town has a year-round population of 2,467. However, it is estimated that the Town’s seasonal population increases to 6,873 (source: Martha’s Vineyard Regional Transportation Plan).

The Town is a member of the Martha’s Vineyard Commission. Formed in 1974, the Commission was the first regional land-use planning agency in the State.

Principal Employers⁽¹⁾

The following are the principal year-round employers, other than the Town itself, located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Up-Island Regional School Dist.	Public School	69
MV Charter School	Public School	44
South Mountain Company	Contractor	30
E.C. Cottle, Inc.	Lumber Yard	33
MV Cooperative Bank	Bank	15
Alley’s General Store	General Store	14
John Keene Excavation	Excavation	14
Tea Lane Associates	Realtor	12
Dukes County Savings Bank	Bank	11
Vineyard Medicine	Medicine Center	11
Conroy’s Apothecary	Pharmacy	11
Plane View Restaurant	Restaurant	10

⁽¹⁾ Source: *The Town, as of July 2008.*

Employment by Industry

	<u>Calendar Year Average</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Construction & Natural Resources	150	136	152	163	168
Manufacturing	N/A	N/A	21	16	15
Trade, Transportation & Utilities	135	138	31	123	135
Professional & Business Services	105	104	98	98	99
Education & Health Services	121	133	136	145	143
Leisure & Hospitality	71	76	63	54	52
Information & Other Services	<u>57</u>	<u>56</u>	<u>56</u>	<u>49</u>	<u>46</u>
Total Employment	<u>758</u>	<u>747</u>	<u>733</u>	<u>729</u>	<u>735</u>
Number of Establishments	127	129	137	129	130
Total Annual Wage (000)	\$32,323	\$30,820	\$28,986	\$29,211	\$28,826
Average Weekly Wage	\$820	\$793	\$760	\$771	\$754

Building Permits

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2008 (through 6/30/08)	63	\$ 6,562,859
2007	173	32,068,780
2006	163	16,398,569
2005	182	21,098,364
2004	179	18,663,950
2003	172	20,958,193

OTHER DATA

Unemployment ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u> ⁽²⁾	<u>Massachusetts</u>	<u>United States</u>
2008 (June)	2.7%	5.3%	5.7%
2007	2.1	4.5	4.6
2006	2.6	5.0	4.6
2005	2.2	4.8	5.1
2004	2.5	5.2	5.5

⁽¹⁾ Massachusetts Department of Employment and Training. Full year annual averages except for 2008 which is for the month indicated.

⁽²⁾ Low unemployment due to the seasonal nature of West Tisbury's resort community as well as many businesses employed as sole proprietors.

Population ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2020 (Proj.)	3,883	22.9%	21,822	19.4%	6,767,712	3.2%
2010 (Proj.)	3,160	20.2	18,271	18.0	6,557,001	1.7
2007 (Est.)	2,628	6.5	15,485	3.3	6,449,755	1.6
2000	2,467	44.8	14,987	28.8	6,349,097	5.5
1990	1,704	63.8	11,639	30.2	6,016,425	4.9
1980	1,040	129.6	8,942	46.2	5,737,037	0.8
1970	453		6,117		5,689,170	

⁽¹⁾ Source: U.S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

Population Density ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density</u> ⁽²⁾	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2020 (Proj.)	3,883	155.1	21,822	210.2	6,767,712	863.5
2010 (Proj.)	3,160	126.2	18,271	176.0	6,557,001	836.6
2007 (Est.)	2,628	105.0	15,485	149.2	6,449,755	822.9
2000	2,467	98.5	14,987	144.4	6,349,097	810.0
1990	1,704	68.1	11,639	112.1	6,016,425	767.6
1980	1,040	41.5	8,942	86.1	5,737,037	732.0
1970	453	18.1	6,117	58.9	5,689,170	725.8

⁽¹⁾ Source: U.S. Department of Commerce.

⁽²⁾ Based on 25.0 square miles.

Population Composition 2000 ⁽¹⁾

<u>Age</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	127	5.1%	817	5.5%	397,268	6.3%
5 Years to 19Years	545	22.1	2,848	19.0	1,277,845	20.1
20 Years to 64 Years	1,545	62.6	9,169	61.1	3,813,822	60.1
65 Years & Over	250	10.1	2,153	14.4	860,162	13.5
Total	2,467	100.0%	14,987	100.0%	6,349,097	100.0%
Median Age		41.1		40.7		36.5
Median Age (1990)		36.1		37.1		33.6

⁽¹⁾ Source: U.S. Department of Commerce.

Income Levels ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
Per Capita-Personal						
1999	\$31,021	88.8%	\$26,472	44.8%	\$25,952	50.7%
1989	16,428	130.6	18,280	149.7	17,224	131.0
1979	7,125	NA	7,322	NA	7,457	NA
Median Family						
Income (1999)	\$59,514		\$55,018		\$61,664	
Median Household						
Income (1999)	\$54,077		\$45,559		\$50,502	
% Below Poverty						
Level (1999)	2.4%		7.3%		9.3%	

⁽¹⁾ Source: U.S. Department of Commerce.

Family Income Distribution 1999 ⁽¹⁾

<u>Income for Families</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	7	1.0%	104	2.7%	71,198	4.5%
\$10,000 - \$24,999	57	8.3	396	10.3	175,120	11.1
\$25,000 - \$49,999	167	24.5	1,145	29.8	368,418	23.2
\$50,000 - \$74,999	192	28.1	1,025	26.7	359,202	22.6
\$75,000 - \$99,999	120	17.6	528	13.8	251,231	15.8
\$100,000 - \$149,999	69	10.1	329	8.6	222,234	14.0
\$150,000 or more	71	10.4	311	8.1	140,134	8.8
Total	<u>683</u>	<u>100.0%</u>	<u>3,838</u>	<u>100.0%</u>	<u>1,587,537</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Household Income Distribution 1999 ⁽¹⁾

<u>Income for Households</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	28	2.7%	465	7.2%	214,700	8.8%
\$10,000 - \$24,999	133	12.9	982	15.3	385,395	15.8
\$25,000 - \$49,999	291	28.1	2,008	31.2	608,320	24.9
\$50,000 - \$74,999	273	26.4	1,440	22.4	490,998	20.1
\$75,000 - \$99,999	135	13.0	699	10.9	312,741	12.8
\$100,000 - \$149,999	94	9.1	465	7.2	267,300	10.9
\$150,000 or more	81	7.8	372	5.8	165,134	6.7
Total	<u>1,035</u>	<u>100.0%</u>	<u>6,431</u>	<u>100.0%</u>	<u>2,444,588</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce.

Educational Attainment 2000 ⁽¹⁾

<u>Years of School Completed</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	4	0.2%	179	1.7%	247,556	5.8%
9th to 12th Grade, No Diploma	56	3.2	847	7.9	403,537	9.4
High School Graduate	292	16.9	2,485	23.2	1,165,489	27.3
Some College, No Degree	329	19.0	2,340	21.9	730,135	17.1
Associate's Degree	132	7.6	740	6.9	308,263	7.2
Bachelor's Degree	619	35.8	2,715	25.4	834,554	19.5
Graduate or Professional Degree	<u>296</u>	<u>17.1</u>	<u>1,387</u>	<u>13.0</u>	<u>583,741</u>	<u>13.7</u>
Total	<u>1,728</u>	<u>100.0%</u>	<u>10,693</u>	<u>100.0%</u>	<u>4,273,275</u>	<u>100.0%</u>
High School Graduate or Higher	1,668	96.5%	9,667	90.4%	3,662,182	84.8%
Bachelor's Degree or Higher	915	53.0%	4,102	38.4%	1,418,295	33.2%

⁽¹⁾ Source: U.S. Department of Commerce.

SCHOOL FACILITIES

The Town is a member of the Up-Island Regional School District which provides education in grades K-8. The District has two school facilities. The West Tisbury Elementary School contains grades K-8 with the capacity of 500 pupils, while the Chilmark Elementary School houses grades K-5 with a capacity of 100 pupils. As of October 1, 2007, 210 pupils from West Tisbury attended the West Tisbury Elementary School, which has a current enrollment of 283 students. Nine pupils from West Tisbury attend the Chilmark Elementary School, which currently has an enrollment of 42 students.

The Town is a member of the Martha's Vineyard Regional High School District which provides facilities for pupils in grades 9 - 12. Other members of the District are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. As of October 1, 2007, 130 pupils from West Tisbury attended the Martha's Vineyard Regional High School, which has a total student population of 766.

Public School Enrollments ⁽¹⁾⁽²⁾⁽³⁾

	<u>Actual</u>					<u>Projected</u>		
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Pre K-8	253	245	232	222	219	231	223	230
9-12	<u>173</u>	<u>172</u>	<u>169</u>	<u>156</u>	<u>130</u>	<u>127</u>	<u>124</u>	<u>124</u>
Total	<u>426</u>	<u>417</u>	<u>401</u>	<u>378</u>	<u>349</u>	<u>358</u>	<u>347</u>	<u>354</u>

⁽¹⁾ As of October 1 of each year.

⁽²⁾ West Tisbury students only.

⁽³⁾ Excludes students enrolled in the M.V. Public Charter School.

West Tisbury Student Enrollment ⁽¹⁾

	<u>West Tisbury Elementary</u>	<u>Other Public Schools</u>	<u>Private/ Home Schooled</u>
K-8	219	42	4

⁽¹⁾ *As of 10/01/07.*

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF WEST TISBURY
Massachusetts**

By: /s/ Katherine Logue
Treasurer

Dated: October 23, 2008

APPENDIX A

The Town engages the firm of R.E. Brown & Company, Certified Public Accountant to audit the accounts for the Town. The Town has recently changed its policy to issue audited financial statements on an annual basis, effective with the 2007 audited financials. That draft audit is reproduced in Appendix B.

Previously, the Town conducted their audits on a bi-annual basis. The following Balance Sheets for fiscal years 2006 and 2004 as well as the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2006 and 2004 have been taken from the audited financial statements of the Town for those years.

The Balance Sheet for fiscal years 2005 and 2003 are unaudited as are the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2005 and 2003.

**TOWN OF WEST TISBURY
MASSACHUSETTS
BALANCE SHEET
GENERAL FUND
June 30,**

	<u>2007</u> ⁽³⁾	<u>2006</u> ⁽¹⁾	<u>2005</u> ⁽²⁾	<u>2004</u> ⁽¹⁾	<u>2003</u> ⁽²⁾
Assets:					
Cash & Cash Equivalents	\$2,183,371	\$1,496,282	\$1,597,197	\$1,120,728	\$1,370,896
Receivables:					
Property Taxes	577,726	703,211	582,691	494,666	338,122
Rollback Taxes	0	0	0	0	168,386
Excise Taxes/Fees	75,574	76,888	321,107	89,233	146,341
Tax Liens	115,037	151,432	129,489	130,277	214,611
Departmental and Other	<u>1,970,843</u>	<u>2,252,392</u>	<u>13,286</u>	<u>374,713</u>	<u>5,766</u>
Total Assets	<u>\$4,922,551</u>	<u>\$4,680,205</u>	<u>\$2,643,770</u>	<u>\$2,209,617</u>	<u>\$2,244,122</u>
Liabilities:					
Warrants and Accounts Payable	\$ 61,999	\$109,956	\$75,458	\$ 77,045	\$ 59,879
Reserved for Abatements	0	0	180,847	0	135,292
Deferred Revenue	2,739,180	3,183,923	800,666	940,651	646,436
Other	<u>36,020</u>	<u>34,190</u>	<u>34,551</u>	<u>34,142</u>	<u>34,142</u>
Total Liabilities	<u>2,837,199</u>	<u>3,328,069</u>	<u>1,091,522</u>	<u>1,051,838</u>	<u>875,749</u>
Fund Equity:					
Fund Balances - Reserved for Encumbrances	532,521	590,506	576,834	312,609	362,615
Unreserved:					
Designated for:					
Subsequent Year's Expenditures	316,460	0	165,000	200,000	230,000
Undesignated	<u>1,236,371</u>	<u>761,630</u>	<u>810,414</u>	<u>645,170</u>	<u>775,760</u>
Total Fund Equity	<u>2,085,352</u>	<u>1,352,136</u>	<u>1,522,248</u>	<u>1,157,779</u>	<u>1,368,375</u>
Total Liabilities & Fund Equity	<u>\$4,922,551</u>	<u>\$4,680,205</u>	<u>\$2,643,770</u>	<u>\$2,209,617</u>	<u>\$2,244,124</u>

⁽¹⁾ Extracted from the audited financial statements of the Town prepared by R.E. Brown & Company, C.P.A.

⁽²⁾ Unaudited.

⁽³⁾ Draft audit.

**TOWN OF WEST TISBURY, MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GENERAL FUND**

	June 30				
	<u>2007⁽³⁾</u>	<u>2006⁽¹⁾</u>	<u>2005⁽²⁾</u>	<u>2004⁽¹⁾</u>	<u>2003⁽²⁾</u>
<u>REVENUES</u>					
Taxes	\$10,938,373	\$10,375,378	\$9,782,028	\$8,905,950	\$8,098,243
Excise and Other Taxes	459,376	438,909	490,965	443,855	443,741
Penalties & Interest on Taxes	110,488	76,950	0	0	0
Departmental	522,030	383,192	355,495	304,960	262,002
Investment Income:					
Interest on investments	92,481	130,116	35,739	6,427	13,476
Intergovernmental	<u>1,095,904</u>	<u>818,286</u>	<u>671,954</u>	<u>786,909</u>	<u>772,739</u>
Total Revenues	<u>13,218,652</u>	<u>12,222,831</u>	<u>11,336,181</u>	<u>10,448,101</u>	<u>9,590,201</u>
<u>EXPENDITURES</u>					
General Government	\$ 1,100,312	\$1,096,812	\$1,017,002	\$ 842,831	\$ 832,988
Protection of Persons	1,429,665	1,385,411	1,043,767	974,416	889,547
Sanitation	149,301	147,317	130,141	139,652	137,955
Public Works	225,890	169,342	169,591	254,217	191,021
Library and Recreation	410,288	389,664	450,586	358,018	335,349
Education	6,921,217	6,845,357	6,571,483	6,306,514	5,683,903
Health & Human Services	303,080	285,317	251,975	248,476	223,070
Insurance and Employee Benefits	682,341	637,043	483,047	546,810	409,011
State Assessments	211,313	172,218	175,868	171,513	170,120
Debt Service	<u>1,065,603</u>	<u>1,117,462</u>	<u>734,253</u>	<u>747,621</u>	<u>500,446</u>
Total Expenditures	<u>12,499,010</u>	<u>12,245,943</u>	<u>11,027,713</u>	<u>10,590,068</u>	<u>9,373,410</u>
Excess (Deficiency) of Revenues Over Expenditures	719,642	(23,112)	308,468	(141,967)	216,791
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	31,294	0	156,000	102,828	303,548
Operating Transfers Out	<u>(17,720)</u>	<u>(177,000)</u>	<u>(70,000)</u>	<u>(171,457)</u>	<u>(25,626)</u>
Total Other Financing Sources (Uses)	<u>13,574</u>	<u>(177,000)</u>	<u>86,000</u>	<u>(68,629)</u>	<u>277,922</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	733,216	(200,112)	394,468	(210,596)	494,713
Fund Equity at Beginning of Year	<u>1,352,136</u>	<u>1,552,779</u>	<u>1,157,779</u>	<u>1,368,375</u>	<u>873,662</u>
Fund Equity at End of Year	<u>\$2,085,352</u>	<u>\$1,352,136</u>	<u>\$1,552,247</u>	<u>\$1,157,779</u>	<u>\$1,368,375</u>

⁽¹⁾ Excerpts from the audited financial statements of the Town prepared by R.E. Brown & Company, C.P.A.

⁽²⁾ Unaudited.

⁽³⁾ Draft audit.

APPENDIX B

There follows in this Appendix the DRAFT audited financial statements of the Town for the fiscal year ended June 30, 2007 with the report of the certified public accountants, R.E. Brown & Company.

Facsimile Bid Form

Town of West Tisbury, Massachusetts
\$4,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Unlimited Tax)

Katherine Logue, Treasurer
Town of West Tisbury, Massachusetts 02575
By Fax to: (508) 234-1938

Sale Date: October 30, 2008
Dated Date: November 13, 2008

Dear Ms. Logue:

For all or a portion of the principal amount of \$4,000,000 General Obligation Bond Anticipation Notes, legally issued as described in the Notice of Sale dated October 23, 2008, we will pay the Town a price of not less than par as follows, plus accrued interest to date of delivery, provided the Notes bear the following interest rate:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>NIC</u>	<u>NIC</u>
\$ _____	_____ %	\$ _____	_____ %	\$ _____
\$ _____	_____ %	\$ _____	_____ %	\$ _____
\$ _____	_____ %	\$ _____	_____ %	\$ _____

Interest is payable at maturity of the Notes on October 15, 2009. The Notes are not subject to redemption prior to maturity.

In making this bid, we accept the terms and conditions as defined in the Notice of Sale dated October 23, 2008. All blank spaces in this bid are intentional and are not to be construed as an omission.

All Bids are subject to verification prior to award

Submitted by: _____

Phone: _____

Mailing Address:

