

PRELIMINARY OFFICIAL STATEMENT JANUARY 30, 2024

SERIAL BONDS

RATING: See “Ratings” herein

BOND ANTICIPATION NOTES

In the opinion of Woods Oviatt Gilman LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Bond and Note will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See “Tax Exemption” herein.

The Bonds and the Notes will not be designated by the City as “qualified tax-exempt obligations” pursuant to section 265(b)(3) of the Code.

CITY OF ROCHESTER NEW YORK

\$39,325,000

GENERAL OBLIGATION SERIAL BONDS, 2024 SERIES I (the “Bonds”)

Date of Issue: February 27, 2024

Maturity Date: February 15, 2025-38

\$17,980,000

BOND ANTICIPATION NOTES, 2024 SERIES II (the “Notes”)

Date of Issue: February 27, 2024

Maturity Date: February 27, 2025

The Bonds and Notes are general obligations of the City of Rochester, New York (the “City” and “State”, respectively), for the payment of which the City has pledged its faith and credit. For the payment of such principal and interest, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City subject only to the limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York (the “Tax Levy Limit Law”). See “Legal Matters and the Tax Levy Limit Law” and “Tax Levy Limit Law,” herein.

The Bonds are dated February 27, 2024 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 15, 2024 and semiannually thereafter on each February 15 and August 15 until maturity. The Bonds will mature on February 15, 2025, and annually thereafter on February 15 until maturity, as shown on the inside cover page hereof. Certain maturities of the Bonds will be subject to redemption prior to maturity (see “Optional Redemption for the Bonds” herein).

The Notes are dated February 27, 2024 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Notes, payable on maturity. The Notes will mature on February 27, 2025. The Notes will not be subject to optional redemption prior to maturity.

The Notes will be issued as registered Notes, and at the option of the purchaser, will be registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), as book-entry notes.

If the Notes are issued registered to the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable at such bank or trust company authorized to do business in the State of New York as may be selected by such purchaser.

DTC will act as Securities Depository for the Bonds and for those Notes issued as book-entry notes registered to Cede & Co. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds and those Notes issued as book-entry-only notes. Payment of the principal of and interest on such Bonds and Notes will be made by the City to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds and Notes as described herein. (See “Book-Entry-Only System” herein.)

Interest on the Bonds and the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The City will act as Paying Agent for such Bonds and Notes.

The Bonds and the Notes are offered when, as, and if issued by the City, and subject to the receipt of the final approving legal opinion of Woods Oviatt Gilman LLP, Rochester, New York, and certain other conditions. It is expected that the Bonds and the Notes will be available for delivery on or about February 27, 2024.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED TO BE FINAL BY THE CITY FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS AND THE NOTES. FOR A DESCRIPTION OF THE CITY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: January 30, 2024

The Bonds will mature on February 15 in each year as set forth below. Interest on the Bonds will be payable on August 15, 2024 and semi-annually thereafter on February 15 and August 15 in each year until maturity. Certain maturities of the Bonds will be subject to redemption prior to maturity (see “*Optional Redemption of the Bonds*” herein).

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP # 771694**</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP # 771694**</u>
2025	\$8,065,000				2032	\$1,810,000			
2026	6,910,000				2033*	1,420,000			
2027	5,790,000				2034*	1,215,000			
2028	4,155,000				2035*	665,000			
2029	3,055,000				2036*	620,000			
2030	2,755,000				2037*	500,000			
2031	2,070,000				2038*	295,000			

* Certain principal maturities of the Bonds are subject to optional redemption prior to maturity, see “*Optional Redemption for the Bonds*” herein.

** CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

**CITY OF ROCHESTER
NEW YORK**

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Malik D. Evans

DEPUTY MAYOR

Michael T. Burns

CITY CLERK

Hazel L. Washington

COUNCIL PRESIDENT

Miguel A. Meléndez, Jr.

COUNCIL VICE PRESIDENT

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Mary Lupien

Michael A. Patterson

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Suzanne P. Warren

CITY AUDITORS

EFPR Group LLP

Rochester, New York

SCHOOL DISTRICT AUDITORS

Drescher & Malecki LLP

Buffalo, New York

BOND COUNSEL

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No dealer, broker, salesman or other person has been authorized by the City or the Municipal advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City from sources which are believed to be reliable, but it is not to be guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof.

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OFFICIAL STATEMENT
of the
CITY OF ROCHESTER
NEW YORK
relating to
\$39,325,000
GENERAL OBLIGATION SERIAL BONDS, 2024 SERIES I
And
\$17,980,000
BOND ANTICIPATION NOTES, 2024 SERIES II

This Official Statement (the “Official Statement”), which includes the cover page and appendices hereto, presents certain information relating to the City of Rochester, in the State of New York (the “City” and “State” respectively), in connection with the sale of the and the \$39,325,000 General Obligation Serial Bonds, 2024 Series I (the “Bonds”) and the \$17,980,000 Bond Anticipation Notes, 2024 Series II (the “Notes”).

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

THE BONDS

Description

The Bonds will mature on February 15 in each year, as shown on the inside cover page hereof.

The Bonds will be dated February 27, 2024 and will bear interest from that date until maturity or until earlier redemption at the annual rate or rates as specified by the purchaser of the Bonds, with interest payable on August 15, 2024 and semi-annually thereafter on each February 15 and August 15 until maturity. Certain maturities of the Bonds will be subject to optional redemption prior to maturity (see “Optional Redemption for the Bonds” herein).

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

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

Authority for and Purpose of the Bonds

The Series I Bonds are issued pursuant to the Constitution and the statutes of the State, including the Charter of the City and the Local Finance Law, and certain capital project bond ordinances adopted by the City Council of the City.

The proceeds of the Bonds, along with \$7,570,000 in budgetary appropriations, will be used to redeem bond anticipation notes maturing on February 28, 2024. The proceeds of the Bonds shall be applied to finance water supply facilities (\$7,246,000), library (\$799,000), War Memorial (\$415,000), Public Market (\$565,000), and general City purposes including street construction and reconstruction (\$30,300,000).

Optional Redemption for the Bonds

The Bonds maturing in the years 2025 to 2032, inclusive, are not subject to prior redemption.

The Bonds maturing on or after February 15, 2033 will be subject to redemption prior to maturity at the option of the City on any date on or after February 15, 2032, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption. The City may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the City shall determine to be in the best interest of the City at the time of such redemption.

If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City. Notice of such call for redemption shall be given by mailing such notice to the registered owner(s) not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

THE NOTES

Description

The Notes will be dated February 27, 2024 and will mature on February 27, 2025 with interest payable at maturity calculated on the basis of a 30-day month, 360-day year, and are not subject to redemption prior to maturity. The Notes consist of a single issue in the aggregate principal amount of \$17,980,000.

The Notes will be issued as registered Notes, and at the option of the purchaser, will be registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), as book-entry notes.

If the Notes are issued registered to the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable at such bank(s) or trust company(ies) authorized to do business in the State of New York as may be selected by the successful bidder(s).

For book-entry only notes registered to Cede & Co., a single note certificate will be issued for each note bearing the same rate of interest and CUSIP number. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution and the statutes of the State, including the Charter of the City and the Local Finance Law, and certain capital project bond ordinances adopted by the City Council of the City.

The Notes will provide original (\$15,870,000) and renewal (\$2,110,000) financing in the amount of \$17,980,000. The proceeds of the Series II Notes shall be applied to finance water supply facilities (\$5,166,000), local works (\$145,000), parking (\$3,086,000), library (\$963,000), War Memorial (\$731,000), and general City purposes including street construction and reconstruction (\$7,889,000).

THE BONDS AND THE NOTES

Nature of Obligation

Each of the Bonds and the Notes which has been duly issued and paid for constitutes a contract between the City and the holder thereof.

The Bonds and the Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject only to the limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York (the “Tax Levy Limit Law”). See “Legal Matters and the Tax Levy Limit Law” and “Tax Levy Limit Law,” herein.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate therefor.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds and for those Notes issued as book-entry notes. The Bonds and such Notes will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, and will be deposited with DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative

of DTC. The deposit of the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Certificated Bonds and Notes

DTC may discontinue providing its services with respect to the Bonds and the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Bonds and the Notes will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Principal of and interest on the Bonds and the Notes when due will be payable upon presentation at the office of the fiscal agent to be named by the City.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bond and the Notes in order that interest on the Bonds and the Notes shall be and remain excludable from gross income under Section 103 of the Code. The Arbitrage and Use of Proceeds Certificate (the "Certificate") of the City, which will be delivered concurrently with the delivery of the Bonds and the Notes, will contain provisions and procedures relating to compliance with the requirements of the Code. The Director of Finance of the City, in executing the Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds and the Notes is excludable from gross income under Section 103 of the Code. In the opinion of Bond Counsel, the Certificate sets forth provisions and procedures under which the requirements of the Code can be met.

In the opinion of Bond Counsel, interest on the Bonds and Notes is excludable, under existing statutes and court decisions, from the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code. Under existing statutes, interest on the Bonds and the Notes will not be treated as a preference item to be included in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Bond and Note will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

This summary is not intended to be a complete description of all tax considerations that might be relevant to all investors. For example, prospective purchasers of the Bonds and the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and United States branches of foreign corporations), financial institutions, property and casualty insurance companies, individuals otherwise eligible for the earned income credit, individual recipients of Social Security or Railroad Retirement benefits and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors as to the computation of any such tax and the applicability of these consequences, and as to any other Federal or New York State tax consequences arising from the ownership of the Bonds and the Notes.

Bond Counsel will express no opinions regarding any other Federal or New York State tax consequences arising with respect to the Bonds and the Notes except as expressly stated above. Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgement based upon its review of existing statutes, regulations, published rulings and court decisions, and the representation and covenants of the City as set forth in the Certificate.

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

MARKET FACTORS

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

The City is substantially dependent on financial assistance from the State, principally for aid to education, urban renewal aid, and general operating aid. In the 2023-24 City and School District General Fund Budgets, approximately 59.34% (20.06% for the City and 82.78% for the School District) of the operating revenues of the Budgets are estimated to be received from the State as State aid. Any reduction in the amount of State aid received by the City in the City's current or

future fiscal years may have an adverse impact on the City's financial operations and on the market for the City's bonds and notes, including the Bonds and the Notes. If the State for any reason should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in the City's current fiscal year or any future fiscal year or if the State should not adopt its budget in a timely manner or experience other financial difficulties, the City could be adversely affected by such delay, until sufficient State taxes have been received by the State, to make State aid payments to the City. The City experienced a delay in the receipt of State aid in recent years. No delay in payment of State aid to the City is presently anticipated, although no assurance can be given that such a delay will not occur.

The State is not constitutionally obligated to maintain or continue State aid to the City. State aid requires appropriations by the State Legislature. There can be no assurance that the Legislature will continue appropriations at the levels of past years. Also, State aid formulas may be changed by act of the Legislature. No assurance can be given that the Legislature will not modify or eliminate State aid as it currently exists. State budgetary restrictions which may eliminate or substantially reduce State aid or which delay the receipt of State aid could have adverse effects upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the City, could have an impact upon the market price for the Bonds and the Notes. See "Legal Matters and the Tax Levy Limit Law" and "Tax Levy Limit Law," herein.

On March 11, 2021, President Biden signed into law The American Rescue Plan Act of 2021. The plan provides \$350 billion in additional funding for state and local governments. The state funding portion is approximately \$195 billion of which \$25.5 billion was distributed equally among the 50 states and the District of Columbia and the remaining amount was distributed according to a formula based on unemployment.

The City received \$202 million in direct funding from The American Rescue Plan Act. These funds must be obligated by December 31, 2024 and fully expended by December 31, 2026.

The City is anticipating additional investment to be forthcoming through the \$1.2 trillion Infrastructure Investment and Jobs Act that was signed into law on November 15, 2021.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Bonds and the Notes, the City shall furnish certificates of the Corporation Counsel of the City, dated the date of delivery of the Bonds and the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and the Notes, or in any way contesting or affecting the validity of the Bonds and the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of monies to the payment of the Bonds and the Notes. An additional certificate shall state there is no litigation of any nature now pending or threatened by or against the City wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the City or adversely affect the power of the City to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds and Notes, which has not been disclosed in this Official Statement.

Legal Matters and the Tax Levy Limit Law

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the final approving opinion of the law firm of Woods Oviatt Gilman LLP, Bond Counsel to the City with respect to the Bonds and the Notes, which will be available at the time of delivery of the Bonds and the Notes. Such opinion will be to the effect that the Bonds and the Notes are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Bonds and the Notes and interest thereon, subject to the limitations imposed by the Tax Levy Limit Law. Prior to the enactment of the Tax Levy Limit Law, all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the Bonds and the Notes and interest thereon without limitation as to rate or amount; however, the power of the City to levy unlimited real estate taxes on all the real property in the City may or may not be subject to the statutory limitations imposed by the Tax Levy Limit Law, depending upon the interpretation of

such statute by a court of competent jurisdiction in the event of a legal challenge. See “Tax Levy Limit Law”, herein. The enforceability of rights or remedies with respect to such Bonds and Notes may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

Closing Certificate

Upon delivery of the Bonds and the Notes, the Bond and Note purchaser(s) will be furnished with the following items: (i) a Certificate of the Director of Finance to the effect that as of the date of this Official Statement, and at all times subsequent thereto, up to and including the time of delivery of the Bonds and the Notes, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no material adverse change in the financial condition of the City since the time of sale of the Bonds and the Notes, and have attached thereto a copy of this Official Statement; (ii) a Certificate signed by the Director of Finance evidencing payment of the Bonds and the Notes; (iii) a Signature Certificate evidencing the due execution of the Bonds and the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened restraining or enjoining the issuance and delivery of the Bonds and the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds and the Notes were authorized or affecting the validity of the Bonds and the Notes there under, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds and the Notes have been repealed, revoked or rescinded.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Bonds

This Preliminary Official Statement is in a form “deemed final” by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Bonds, the City will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

- (1) On or prior to the 270th day following the end of each fiscal year, commencing with the fiscal year ending June 30, 2024 (i) certain annual financial information and operating data, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings “LITIGATION” and in Appendices A and B, and (ii) the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit), if any, of the City for each fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 60 days after it becomes available and in no event later than 360 days after the end of each fiscal year;
- (2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:
 - (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver,

fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City]; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

With respect to the Undertaking, the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

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

- (3) in a timely manner not in excess of ten (10) business days, notice of a failure to provide the annual financial information by the date specified.

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

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

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

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar

event of the City; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Noteholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties.

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

With respect to Events described in items (xv) and (xvi) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

Prior Disclosure History

The City filed its financial statements through EMMA for the fiscal years 2019, 2020, 2021, 2022, and 2023 on December 9, 2019, December 27, 2020, December 23, 2021, December 27, 2022, and December 27, 2023 respectively. City management expects that all future filings will be made in a timely manner prior to the 180th day following the end of each fiscal year.

Certain municipal bond insurance companies have had a variety of ratings changes over the past five years. The City filed event notices for these changes on EMMA on December 10, 2019, July 14, 2020, February 28, 2022, and March 29, 2022.

Other than the foregoing, the City is in compliance in all material respects with all previous undertakings made pursuant to Rule 15c2-12 for the past five years.

RATINGS

S&P has assigned the outstanding uninsured bonded debt of the City a rating of “AA-” Stable Outlook including the Bonds, and a “SP-1+” on the Notes.

Moody’s has assigned the outstanding uninsured bonded debt of the City a rating of “A1” Stable Outlook.

These ratings reflect only the view of the rating agency furnishing the same, and an explanation of the significance of each of these ratings may be obtained only from the respective rating agency. There is no assurance that any of these ratings will be maintained for any given period of time or will not be raised, lowered or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any of these ratings may have an adverse effect on the market price of the Bonds and the Notes.

INCORPORATION OF FINANCIAL STATEMENTS

Included in this Official Statement, and made a part hereof, are the audited financial statements of the City as of June 30, 2023, together with the opinion thereon rendered by EFPR Group LLP, Rochester, New York, independent auditors for the City and Drescher & Malecki LLP, Buffalo, New York, independent auditors for the School District.

EFPR Group LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. EFPR Group LLP, also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

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

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

CYBERSECURITY

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cyber security and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.

SEC COMPLAINT

On September 20, 2019, the Rochester City School District announced that it had incurred a FY 2018-2019 (ending June 30, 2019) operating loss of approximately \$42,000,000, which was significantly higher than expected. In February and July of 2019, the School District had represented to Moody's Investors Service (“Moody's”) that it expected to close out its then current Fiscal Year substantially in line with its budget projections. The City of Rochester became aware on or about September 20, 2019 of this discrepancy between financial information provided by the School District to Moody's earlier in the year and the estimated, actual information subsequently received and promptly filed a voluntary notice on EMMA on October 3, 2019. On November 26, 2019, the City of Rochester was subpoenaed by the U.S. Securities and Exchange Commission (the “SEC”) for certain documents and materials relating to certain public disclosures made by officials of the School District regarding, among other matters, the \$50,000,000 Revenue Anticipation Note (School Purpose) (the “RAN”) issued by the City on August 7, 2019, the proceeds of which were loaned to the School District for operational purposes. The RAN matured on May 29, 2020 and was paid in full and on time.

On June 14, 2022, the SEC filed a civil complaint against the School District's former chief financial officer, Everton Sewell, alleging that he knowingly or recklessly made material misrepresentations and omissions regarding the magnitude of and reason for the School District's FY 2018-2019 budget shortfall to Moody's. The SEC simultaneously filed a civil complaint against the City, the City's former director of finance, Rosiland Brooks-Harris, the City's municipal advisor, Capital Markets Advisors, LLC ("CMA"), and two of CMA's principals, Richard Ganci and Richard Tortora. In the complaint, the SEC alleges that the City's offering documents were materially misleading because they concealed from investors the School District's true financial condition at the time of the RAN offering and that prior to the offering, Brooks-Harris and Ganci (and therefore the City and CMA) knew of, but failed to disclose or correct omissions to Moody's and investors related to the School District's overspending on teacher salaries. In addition, the SEC alleges in the complaint that CMA, Ganci and Tortora breached their fiduciary duties under federal securities laws by failing to disclose to their clients, including the City of Rochester, material conflicts of interest arising from its compensation arrangements that were contingent on the size and/or closing of clients' debt offerings. In the complaint, the SEC requests various forms of relief, including, without limitation, an unspecified monetary penalty and injunctive relief, as well as disgorgement by CMA. The City, its former CFO, CMA and its two principals deny any wrongdoing. On April 14, 2023, the City and Brooks-Harris filed a motion for judgment on the pleadings, seeking to dismiss the SEC's lawsuit.

ADDITIONAL INFORMATION

The City will provide annual financial statements and other pertinent credit information, including the annual comprehensive financial report, if one is prepared, upon request. Any such request should be addressed to Kim D. Jones, Director of Finance, Finance Department, City of Rochester, City Hall, 30 Church Street, Room 109A, Rochester, New York 14614 (telephone 585-428-7151).

MISCELLANEOUS

Additional copies of this Official Statement may be obtained upon request from the City's Municipal Advisor, Capital Markets Advisors, LLC at (716) 662-3910.

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds and the Notes.

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

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds and the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information available to, the City management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City files with EMMA. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Woods Oviatt Gilman LLP, Rochester, New York, Bond Counsel to the City will express no opinions as to the accuracy or completeness of the information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds and the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and Federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds and the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

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

This Official Statement has been duly executed and delivered by the Director of Finance of the City and has been authorized to be distributed by the City to prospective purchasers of the Bonds and the Notes.

CITY OF ROCHESTER, NEW YORK

By 

Kim D. Jones
Director of Finance

Date: January 30, 2024

APPENDIX A

THE CITY

General Information

The City, located in Monroe County on Lake Ontario, approximately midway between Buffalo and Syracuse, encompasses approximately 37 square miles. The City was recorded as the fourth largest city in New York State by the 2020 census updates with a population currently estimated at 211,328 as of April 1, 2020. It is divided into 64,904 real estate parcels and serviced by 533 miles of public ways. The City is served by three bus lines, the New York State Thruway, and seven major airlines at the Frederick Douglass Greater Rochester International Airport. This airport also offers support facilities for private aircraft. Rail passenger service is provided by Amtrak, and railway freight service is provided by CSX and Genesee & Wyoming, Inc., a regional railroad. Water transportation service is provided by the Erie Canal and through the Port of Rochester.

The City serves a nine-county region as its recreational, commercial, educational, health and cultural center with resources like the University of Rochester, home to a well-known Medical Center, the Eastman Dental Center, the Eastman School of Music, and the Institute of Optics/New York State Center for Advanced Optical Technology, four hospitals, two of which are research hospitals, 11 public libraries, seven museums, including the International Museum of Photography at George Eastman House, theaters, and an extensive parks and recreation system.

Form of Government

Incorporated as a village in 1817 and as a city in 1834, the City is governed by a Mayor, who is directly elected by popular vote to a four-year term of office. As the chief executive officer and the administrative head of government, the Mayor is responsible for the administration of all City affairs, including the appointment of all department heads.

The nine-member City Council is responsible for the legislative affairs of City government. Each Council member is elected to a four-year term; four by districts representing approximately one-quarter of the City's area, and five by a city-wide vote. The members of the City Council elect a President, who presides at Council meetings and ceremonial occasions, and who provides the Council with leadership in the drafting and passing of legislation.

Related Entities

Rochester City School District (the "District" or "School District"). A separately elected Board of Education governs the operations of the public schools in the City. However the District is financially dependent on the City and has no independent power to contract bonded indebtedness or to levy taxes. The City Charter determines how to allocate revenues and debt-incurring power between the City and the District.

Rochester Joint Schools Construction Board (the "RJSCB"). The RJSCB was created through the City of Rochester and the Board of Education of the City School District of the City of Rochester School Facilities Modernization Program Act (the "Act") authorized by the State of New York through Chapter 416 of the Laws of 2007 of the State of New York, as amended by Chapter 533 of the Laws of 2014, and through an agreement (the "Memorandum of Understanding") dated February 2010, as amended, by and between the City and the School District. Pursuant to the Act, the RJSCB has undertaken thirteen projects consisting of the design, reconstruction, or rehabilitation of existing school buildings for their continued use as schools by the School District (collectively, the "Phase I Projects") for a total cost not to exceed \$325 million.

On June 20, 2012, the County of Monroe Industrial Development Agency ("COMIDA") issued \$124,100,000 in bonds on behalf of the RJSCB to pay for Phase IA construction costs and certain preliminary planning, program and design work for Phases IB and IC.

On June 6, 2013, the COMIDA issued \$103,055,000 in bonds on behalf of the RJSCB to pay for Phase IB construction costs and certain planning, program and design work for Phase IC.

On February 5, 2015, COMIDA issued \$44,225,000 in bonds to complete funding for Phase I construction expenses.

On June 16, 2014, State legislation was passed that authorized Phase II of the District's facilities modernization program ("FMP"). This legislation allows for the expenditure of up to \$435 million for the reconstruction of up to 26 schools in the School District. It also amended the governance structure of the program to make it more accountable and transparent. On December 17, 2014, Governor Cuomo signed this legislation. State legislation was passed related to relief from the traditional Maximum Cost Allowance formula used by the New York State Department of Education to calculate the aid reimbursement that the District would be eligible to receive. The legislation authorized two multi-year cost allowances in a five-year period for eight projects for the computation of building aid and in consideration of this authorization, additional multi-year cost allowances cannot be reset for the effected buildings for a period of ten years after establishment of the first maximum cost allowance authorized by the Legislation. This bill was signed by Governor Cuomo on July 5, 2016 as part of Chapter 92 of the Laws of 2016.

In August 1, 2017, the COMIDA on behalf of the RJSCB issued bonds in the amount of \$123,670,000 to redeem bond anticipation notes maturing on August 4, 2017 and to provide ongoing finances for Phase II expenses.

On August 1, 2018, the COMIDA on behalf of the RJSCB issued the second series of bonds in the amount of \$197,295,000 to provide ongoing finances for Phase II expenses.

On May 28, 2020, the COMIDA on behalf of the RJSCB issued the third and final series of bonds in the amount of \$44,685,000 to provide ongoing finances for Phase II expenses.

On June 1, 2021, State legislation was passed that amended the Act to authorize Phase III of the FMP. This legislation allows for the expenditure of up to \$475 million for the reconstruction of up to 12 schools in the School District. The legislation also provides for two multi-year cost allowances in a five-year period for no more than six projects for the computation of building aid and in consideration of this authorization, additional multi-year cost allowances cannot be reset for the affected buildings for a period of ten years after the first maximum cost allowance authorized by the legislation. This bill was signed by Governor Hochul on November 19, 2021. The City expects to issue bond anticipation notes in August 2024 to finance preliminary costs related to the Phase III of the FMP. As of the date of the Official Statement, the amount of such borrowing has not yet been finalized.

Rochester Land Bank Corporation (the "Land Bank"). The Land Bank is a not-for-profit corporation and local authority created by the City Council in Ordinance Number 2012-416 and approved by the New York State Urban Development Corporation pursuant to the State Land Bank Act in Chapter 257 of the Laws of 2011 (the "Act"). The purpose of the Land Bank is to acquire, hold and dispose of real property that is vacant, abandoned or underutilized in a manner that returns such properties to productive use consistent with community redevelopment plans and initiatives. The Act provides the Land Bank with the right to submit a "trump bid" for the minimum amount for the back taxes and municipal claims on real property at a tax foreclosure auction to effect a sale to the Land Bank regardless of any other bid by any other party. Since January 1, 2011, the Land Bank has received \$7.90 million in awards from the State Attorney General's Community Revitalization Initiative to acquire, rehabilitate, and resell distressed, vacant residential properties as quality affordable homes to first-time homebuyers. Additionally, the RLBC received \$2.4 million of ARPA funds for its acquisition and rehabilitation program.

Five of the Land Bank's seven board members are *ex officio* members who occupy certain budget, development, housing, and legislative staff positions with the City of Rochester. The two remaining members are appointed, one by the Mayor and the other by the City Council. The City is not obligated to support or finance the Land Bank other than by any voluntary commitment that it makes to advance the City's economic development programs and policies. Under a shared services agreement entered into pursuant to the Act (NYS Not-for-Profit Law §1607(a)(8)), the City is providing to the Land Bank staffing, property inspection and appraisal, financial/audit, and IT support, as well as insurance coverage and office space.

Employee Retirement Systems

The City participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State and Local Police and Fire Retirement System ("PFRS"). The School District also participates in the New York State and Local Employees' Retirement System and the New York State and Local Teachers' Retirement System ("TRS"). These are cost sharing multiple public employer retirement systems ("Systems"). The New York State Retirement and Social Security Laws govern obligations of employers and employees. The Systems offer a wide range of plans and benefits which are related to years of service and final average

salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five or ten years of credited service depending upon Tier membership.

As of April 9, 2022, Tier C members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier V and VI members needed 10 years of service to be eligible for a service retirement benefit.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time, temporary and provisional employees, participate in the Systems. The Systems are contributory except for employees who joined the ERS before July 27, 1976. The contribution rate for ERS Tier III, IV, and V employees is 3% of salary. Tier III and Tier IV employees contribute only during the first 10 years of service. The contribution rate for ERS and PFRS Tier VI employees which started April 1, 2012, is between 3% and 6%, dependent upon their salary for their entire working career.

As of July 1, 2013, new employees making a minimum salary of \$75,000 and are unrepresented (not associated with a union), and not already vested in the NYS Retirement System have the option of joining the Voluntary Defined Contribution Plan (VDC) maintained through TIAA-CREF. Employees' contributions are based on the following, \$75,000 = 4.5%, \$75,000.01 to \$100,000 = 5.75% and greater than \$100,000 = 6%. All amounts are subject to the 415 limit set by law each year. The City's contribution is 8% of the employees' annual wages. Employee contributions are deducted by the City from the employees' paychecks and are sent currently to the Retirement System.

For the City's fiscal year ending June 30, 2023, \$103,720,000 represented payroll costs for employees covered by ERS, \$148,407,000 by PFRS. All full-time police officers and firefighters are mandatory members.

For the School District's for the fiscal year ending June 30, 2023, \$291,568,182 represented payroll costs for employees covered by TRS, \$86,473,034 by ERS. All full-time teachers are mandatory members.

Contributions payable to ERS and PFRS are billed on the basis of salaries paid during the Systems' fiscal year ending March 31, and are made in accordance with funding requirements determined by the actuaries of the Systems.

Payments to the TRS, which are made in accordance with funding requirements determined by its actuary, are deducted from State Aid payments to the School District. The contributions for salaries paid for the fiscal year ended June 30, 2023 were made in three monthly installments starting in September 2023.

The City made its full required contributions to the Retirement Systems over the past three audited fiscal years, as follows (000's omitted):

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>ERS</u> <u>Contribution</u>	<u>PFRS</u> <u>Contribution</u>	<u>Total</u> <u>Contributions</u>
2023	\$13,583	\$34,159	\$47,742
2022	14,721	35,538	50,259
2021	13,733	30,745	44,478

The School District made its full required contributions to the Retirement Systems over the past three audited fiscal years, see Notes to the Financial Statements number IV section D within the City's Annual Comprehensive Financial Report.

ERS and PFRS, effective with Chapter 57 of the Laws of 2010, initiated an employer contribution stabilization program, referred to as the Original Contribution Stabilization Program, which provides for the option of amortizing a portion of the pension cost over 10 years with repayment based on an interest rate established by the NYS Comptroller using current market rates. Chapter 57 of the Laws of 2013, established an Alternate Contribution Stabilization Program which allows for the option of amortizing over 12 years at a similar interest rate. In fiscal year 2023, the City did not elect to amortize a portion of retirement costs.

Required School District contributions to the ERS and TRS pension systems are paid in full on an annual basis. While the School District elected to participate in the Pension Contribution Stabilization Programs under the Chapter 57 Laws of 2010, it opted out of the ERS program in 2015-16 and the TRS program in 2016-17 and has since repaid in full any deferred obligations.

Other Post-Employment Benefits

The City and the District provide post-retirement healthcare benefits to former employees. In addition, the City is required to pay the difference in pay between a disabled firefighter's pension payment and the current salary for a firefighter until the retiree reaches the age of 70. These benefits are both funded on a pay as you go basis. Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" (GASB 75), the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("UAAL") under GASB Statement No. 45.

The City has contracted with an actuary to perform the actuarial calculation. The City's total actuarial accrued liability as of June 30, 2023 was determined to be \$1,123,527,192. The District had an actuarial evaluation performed in accordance with GASB 75 that disclosed an accrued OPEB liability of \$912,701,956 as of June 30, 2023. There is no current requirement to fund the future OPEB obligation.

Actuarial valuations will be required every two years since both the City and the District have OPEB plans with more than 200 members. Should the City and the School District be required to fund their unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the City's and the School District's finances and could force the City and the School District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the City and the School District to partially fund their actuarial accrued OPEB liability.

Employees

The City provides services through approximately 3,358 employees, who are represented by various unions, some of which are represented by the following collective bargaining organizations:

<u>Collective Bargaining Unit</u>	<u># of Employees</u>	<u>Contract Expiration Date</u>
AFSCME Local 1635 Full-Time	992	6/30/27
AFSCME Local 1635 Part-Time	68	6/30/27
Police Locust Club, Inc.	630	6/30/24
International Association of Firefighters, Local 1071 Uniformed	460	6/30/26
International Association of Firefighters, Local 1071 Non-Uniformed	7	6/30/22 ⁽¹⁾
International Union of Operating Engineers, Local 832-S	7	6/30/28
CSEA, Local 828, Public Library Part-Time Employees	119	6/30/27

(1) Currently under negotiations

FINANCIAL FACTORS

Budgetary Procedure

City expenditures during each fiscal year are made pursuant to budgets for the City and the School District. Although the School District prepares its own budget and administers expenditures thereunder, it has neither taxing nor bonding authority. The School District is financially dependent upon the City with respect to those matters. The Mayor and the School District Board of Education submit their respective budgets to the City Council for adoption after public hearings. The Council has the power to alter items included in the proposed City budgets, with the exception of estimates of revenues, expenditures for indebtedness, the payment of judgments submitted by the Mayor, and fixed charges for which the City is liable in the budget submitted by the Board of Education. The City Charter requires the Council to levy taxes in an amount sufficient to balance both budgets.

New York State "Maintenance of Effort" legislation requires that the City make a minimum contribution to the School District based on the funds provided in the most recent fiscal year. The City has agreed to provide or pay on behalf of the School District a total of \$119.1 million in the current fiscal year ending June 30, 2024. Operating expenditures may not exceed appropriations during the fiscal year. The Council may, however, authorize additional appropriations during the year, financed by issuance of budget notes (subject to certain legal limitations), or upon recommendations by the Mayor, unappropriated surplus or unanticipated revenues.

The 2023-24 budget of the City, approved by City Council on June 20, 2023, appropriated \$674,686,100 for City purposes. The 2023-24 budget of the School District which appropriated \$1,133,850,848 for School District purposes was not approved by the City Council. In accordance with Section 3-10 of the City Code, the budget of the School District becomes the budget for the ensuing fiscal year despite the Council's failure to approve it. The City has labor agreements with six of its seven bargaining units. The 2023-24 costs of all settled contracts, adjustments and pending agreements are included within the 2023-24 City budget appropriation. The School District has labor agreements with five of its five bargaining units. The 2023-24 costs of all School District settled contracts were included within the 2023-24 School District appropriation.

Cash Management

The following table presents the cash and working capital position of the City's governmental activities as of June 30 of each audited fiscal year.

TABLE 1
Cash and Working Capital
(000's omitted)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 201,334	\$ 184,109	\$ 350,351	\$ 468,542	\$ 362,102
Total Assets	1,162,091	1,147,422	1,284,327	1,428,949	1,336,363
Total Liabilities	1,789,188	2,054,967	2,136,236	1,640,084	1,731,487
Ratio of Assets to Liabilities	0.65	0.56	0.60	0.87	0.77

Source: Audited Financial Statements.

Revenues

The City derives a portion of its general fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes accounted for 29.0% of total general fund revenues for the fiscal year ended June 30, 2023, while sales taxes accounted for 34.0% and State aid accounted for 17.2%

Real Property Tax. The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years.

TABLE 2
Property Taxes
(General Fund)
(000's omitted)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2019	\$492,348	\$153,646	31.2%
2020	476,993	155,683	32.6%
2021	533,833	165,852	31.1%
2022	544,443	167,899	30.8%
2023	574,836	166,812	29.0%

Source: Audited Financial Statements

Sales Taxes. Section 1210 of the New York Tax law authorizes the County to levy a sales and compensatory use tax of up to 4% in addition to the 4% tax levied by the State. Such sales tax collections in the State are administered by the State Tax Commissioner and the proceeds are paid to the County every month. Under the current sales tax distribution formula, by agreement with the County, the City receives approximately 31.0% of total County collections.

The following table sets forth total general fund revenues and sales tax revenues received during the last five audited fiscal years.

TABLE 3
Sales Taxes
(General Fund)
000's omitted

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Sales Taxes</u>	<u>Sales Taxes to Revenues</u>
2019	\$492,348	\$159,242	32.3%
2020	476,993	159,852	33.5%
2021	533,833	172,917	32.4%
2022	544,443	192,530	35.4%
2023	574,836	195,460	34.0%

Source: Audited Financial Statements

State Aid

The City receives financial assistance from the State. In the fiscal year ending June 30, 2023, 17.2% of the revenues of the City were received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, or if the State should experience other financial difficulties, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

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

The following table sets forth total general fund revenues and State aid during the last five audited fiscal years.

TABLE 4
State Aid
(General Fund)
000's omitted

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2019	\$492,348	\$99,411	20.2%
2020	476,993	81,339	17.1%
2021	533,833	115,894	21.7%
2022	544,443	99,065	18.2%
2023	574,836	98,904	17.2%

Source: Audited Financial Statements.

New York State Comptroller's Audit and Review

The financial affairs of the City and the Rochester City School District (the "District") are subject to periodic compliance reviews by the Office of the New York State Comptroller ("OSC") to ascertain whether the City and the District have complied with the requirements of various State and federal statutes. The OSC has not conducted an audit of the City in the last five years. The City formally requested OSC to conduct a special investigation of District finances to ascertain the facts and circumstances surrounding the District's September 20, 2019 announcement that it had incurred a "significantly higher than expected" operating loss for the 2018–2019 District Fiscal Year.

OSC's preliminary report was released on January 23, 2020. OSC's review found that due to several inaccurate estimates, the District was on track to incur a 2019-20 budgetary deficit of approximately \$31.6 million, even accounting for the cost-savings and avoidance measures, including personnel layoffs, recently implemented by the Superintendent and Board of Education. In addition, the District had no available unrestricted fund balance to mitigate the budgetary deficit and reported a deficit unrestricted general fund balance of \$8.9 million at June

30, 2019. OSC believed the District would not have sufficient resources to meet its financial obligations by the end of its fiscal year ending June 30, 2020.

In light of the OSC review, the district's superintendent and staff have been in on-going discussion with NYS Division of Budget and NYS Education Department regarding the terms and conditions that would be required for additional state financial support.

The link to the most recent OSC preliminary report is as follows:

<https://osc.state.ny.us/localgov/audits/schools/2020/rochester-br-20-2-1.pdf>

The OSC conducted another review of the District to determine whether the Board's 2018-19 adopted budget was realistic and structurally balanced based on historical or known trends. The report was released on April 21, 2020. OSC's review found that the Board and District officials neglected to use accurate estimates of appropriations to balance the 2018-19 budget, which contributed to an unplanned operating deficit, the Board failed to adopt a structurally balanced budget and did not follow its fund balance policy when it appropriated fund balance to finance the 2018-19 budget, and the District lacked a comprehensive multiyear financial plan. OSC recommended that the District include realistic estimates of revenues and appropriations based on historical trends or other known factors, comply with the Board's fund balance policy and include a plan to eliminate the fund balance deficit and restore and maintain minimum thresholds, and contain comprehensive multiyear financial plans with goals and objectives for funding long-term operating needs. The District generally agreed with the finding and has initiated corrective action.

The link to the OSC report is as follows:

<https://www.osc.state.ny.us/localgov/audits/schools/2020/rochester-2020-44.pdf>

Pursuant to Chapter 56 of the Laws of 2020, the Commissioner of the State Education Department must appoint one monitor for both academic and fiscal issues of the District. In May of 2020, the State Education Department appointed Dr. Shelley Jallow as State Monitor for the District to provide oversight, guidance and technical assistance related to the educational and fiscal policies, practices, programs and decisions of District.

On June 5, 2020, the OSC conducted a review to provide an independent evaluation of the District's proposed budget for the 2020-21 fiscal year. The OSC commended the Superintendent and Board for the actions they have taken to improve the accuracy of budget projections in the 2020-21 budget and restore the District's overall financial condition, especially in light of the challenges caused by unexpected revenue reductions due to the economic fallout resulting from the COVID-19 pandemic. OSC's review found revenue projections to be substantially accurate, appropriations for charter school tuition were underbudgeted by approximately \$1.5 million and salary and substitute costs will have to be closely monitored, and the budget remained structurally imbalanced because District officials were relying on City Council to approve a waiver to the City charter for the use of \$10 million for operating expenditures rather than capital purposes.

The link to the OSC report is as follows:

<https://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-06/rochester-br-20-2-5.pdf>

In November, 2020, the District successfully balanced the 2020-2021 fiscal year budget by reducing expenditures in the amount of \$18.9 million.

At the conclusion of Dr. Shelley Jallow's three-year contract, the Commissioner of the State Education Department announced that Mr. Jaime Alicea would replace Dr. Shelley Jallow as State Monitor for the District effective July 1, 2023. Mr. Jaime Alicea will serve as State Monitor for the District through June 30, 2025, which is the date upon which the provisions of Chapter 56 pertaining to the State Monitor for the District expire.

New York State Education Department Commissioner Betty A. Rosa announced the appointment of Dr. Mark Potter to serve as fiscal consultant for the Rochester City School District effective January 1, 2024. Dr. Potter assumes the position that Jaime Alicea vacated when the Commissioner appointed him to become the State Monitor. Dr. Potter will work closely with the State Monitor, District staff, and Department staff to ensure that the District is able to successfully implement its Academic Improvement and Financial plans and achieve long-term fiscal stability.

Investment Policy

Pursuant to the provisions of the General Municipal Law, the City adopted in October 1993, and subsequently updated and adopted in November 2015, a comprehensive investment policy (the "Policy") regarding, among other things, the investment of the City's funds. The Policy applies to all City money and other financial

resources available for investment. The primary objectives of the City's Policy are to (i) conform with all applicable legal requirements; (ii) adequately safeguard the principal amount of invested and deposited funds; (iii) provide sufficient liquidity of invested funds to meet all operating requirements; and (iv) obtain a rate of return commensurate with market conditions.

The Policy requires that all participants in the investment process act responsibly as custodians of the public trust and avoid any transaction that might impair public confidence in the City's ability to govern effectively. The Policy also requires that investments should be made with judgment and care, not be for speculation, and give consideration to the safety of the principal and the probable income derived from the investment. Whenever possible, the Policy requires the City to diversify its deposits and investments among financial institutions by investment instrument and maturity.

The City complies with the provisions of the General Municipal Law with respect to the kinds of investment obligations it may acquire (see Note G.1. of the City's Basic Financial Statements). All investment obligations must be payable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures. The City has not entered into reverse repurchase agreements nor have derivative obligations been purchased by or pledged to the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been fully self-insured for all workers' compensation and general liability risks for over thirty years. Settled claims have not exceeded established reserves. Workers' compensation claims are funded from a liability reserve in the General Fund, Special Revenue, and Enterprise Funds. General liability and property liability claims are funded from contributions made to a Claims Settlement Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. (Settlements have not exceeded established reserves for the past three years. At June 30, 2023, the amount of these liabilities was \$51,248,000.)

The School District maintains third-party insurance on vehicles, boilers and machines, stop loss for major medical benefits. Also, the School District carries a general liability policy with a self-insured retention of \$500,000 and a \$10,000,000 limit for each occurrence and \$10,000,000 limit for general aggregate.

TAX INFORMATION

Valuations and Tax Data

TABLE 5
Assessed and Full Valuations
(Based on Special Equalization Ratios)

FYE June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuation	\$6,459,674,430	\$7,550,824,629	\$7,550,440,766	\$7,620,747,531	\$7,659,391,245
Special Equalization Rate	84.05%	98.69%	90.63%	87.88%	85.23%
Full Valuation	\$7,685,513,896	\$7,651,053,429	\$8,331,061,200	\$8,671,765,511	\$8,986,731,485
Property Tax Levy	\$178,637,400	\$187,637,400	\$187,637,400	\$187,637,400	\$187,637,400
Tax Rate per \$1,000					
Homestead: ⁽¹⁾					
City	\$6.478	\$6.420	\$6.271	\$6.227	\$6.518
School	<u>12.951</u>	<u>11.152</u>	<u>10.894</u>	<u>10.818</u>	<u>11.323</u>
Homestead Total:	\$19.429	\$17.572	\$17.165	\$17.045	\$17.841
Non-Homestead: ⁽¹⁾					
City	\$13.151	\$13.087	\$13.334	\$13.176	\$12.541
School	<u>26.307</u>	<u>22.741</u>	<u>23.170</u>	<u>22.897</u>	<u>21.793</u>
Non-Homestead Total:	\$39.458	\$35.828	\$36.504	\$36.073	\$34.334

The City partitions the assessment roll, and taxes properties based on Homestead and Non-Homestead classification. In accordance with Article 19 of the New York State Real Property Tax Law, the tax levy is apportioned between the Homestead and Non-homestead classes based on the relative taxable value of the two classes.

Source: City Assessor

TABLE 6
Tax Collection Record

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Property Tax Levy ⁽¹⁾	\$225,382,495	\$234,290,565	\$234,135,900	\$235,517,466	\$236,251,602
Tax Balances as of June 30:	15,170,842	14,241,728	13,508,144	14,023,619	N/A
Percent (%) Collected	93.01%	93.94%	94.19%	94.03%	N/A

(1) Items include ad valorem taxes, residential refuse charges, local works charges, local improvements, property rehabilitation charges, municipal code fines, special assessment district charges, delinquent water charges, and supplemental and omitted taxes.

Source: City Treasurer

Tax Collection Procedure

Taxes are levied on July 1st, on which date they become liens on real property, and are due and payable on July 31st, or at the option of the taxpayer in quarterly installments due on July 31st, September 30th, January 31st, and March 31st. Payments made after the due dates indicated on the tax installment stubs are subject to an interest rate of 1.0% per month, or 12% annually, for all taxes levied on or after July 1, 2012. Delinquent taxes levied on or before July 1, 2011 are subject to an interest rate of 1.5% per month, or 18% annually. After one year of tax arrears, the City has the right to foreclose on the property.

Largest Taxpayers

The following table lists the taxable value of the ten largest taxpayers within the City as of July 1, 2023.

TABLE 7
Largest Taxpayers in the City

<u>Property Owner</u>	<u>Fiscal Year</u> <u>2023-24</u>
Rochester Gas and Electric Corporation	\$1,112,361,065
Buckingham Properties	81,648,817
Frontier Telephone Corporation	58,790,928
Eastman Kodak Company	48,951,390
CSX	42,643,283
Clinton Asset Holding	25,000,000
Maguire Family Properties	21,159,054
Maison Properties Inc	17,621,000
Downing Rochester	16,130,300
Gallina Development	15,299,300

Source: City Assessor

Certain Limitations on Taxing Power

The New York State Constitution restricts the annual real property tax levy for operating expenses to two percent of average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service on the Bonds and Notes, subject only to the limitations imposed by the new tax levy limit law enacted in 2011. See "Tax Levy Limit Law" herein.

Constitutional Real Property Tax Limit

TABLE 8
Computation of Real Estate Tax Levying Limitation for Fiscal Year 2023-24 ⁽¹⁾

Five Year Average Full Valuation		\$8,265,225,104
Two Per Centum of Five Year Average Full Valuation		165,304,502
Exclusion Added Thereto:		
School bonds and notes, principal and interest	\$22,694,576	
Water bonds and notes, principal and interest	8,441,100	
Appropriation for bonded indebtedness	28,131,100	
Appropriation for objects or purpose pursuant to Section 11 of the Local Finance Law	<u>52,661,278</u>	<u>111,928,054</u>
		277,232,556
Less: Revenue Applied to Debt		<u>5,857,000</u>
Maximum Taxing Power		271,375,556
Total Tax Levy*		<u>187,662,400</u>
Constitutional Tax Levy Margin		<u>\$83,713,156</u>

(1) The City's fiscal year is July 1 through June 30.

*Includes \$25,000 for High Falls Business Improvement District

Source: Finance Director's Office

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Limit Levy Law imposes a tax levy limitation upon the City for fiscal years commencing July 1, 2012, without providing an exclusion for debt service on obligations issued by the City, including the Bonds and Notes. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City, without limitation as to rate or amount, may or may not be subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law. Such statutory limitations do not apply to the City's power to increase its annual tax levy for Rochester City School District purposes. The actual effect of the Tax Levy Limit Law will depend upon the interpretation of such law by a court of competent jurisdiction in the event of a legal challenge.

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

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

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

CITY INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The City is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the City so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. See "Tax Levy Limit Law" above.

Debt Limit. Title 8 of Article 2 of the Local Finance Law contains statutory limitations on the power to contract indebtedness. Section 104.00 limits, in accordance with Article VIII, Section 4 of the Constitution, the ability to contract indebtedness by the City to nine percent of the five-year average full valuation of taxable real property in the City. The statutory provisions implementing constitutional provisions authorizing deductions and excluding indebtedness from the debt limits are found in Title 9 and Title 10 of Article 2 of the Local Finance Law. In addition to the constitutionally enumerated exclusions and deductions, deductions are allowed for cash or appropriations for debt service pursuant to the authority of a decision of the New York Court of Appeals.

Statutory Procedure

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

Pursuant to the Local Finance Law, the City Charter and the General Municipal Law, the City authorizes the issuance of bonds by the adoption of a bond ordinance, approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the Director of Finance, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds. The Local Finance Law also provides that where a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

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

Except on rare occasions, the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such renewals do not extend five years beyond the original date of borrowing. On August 24, 2020, Governor Cuomo signed into law legislation to allow the renewal of bond anticipation notes originally issued during the calendar years 2015 through 2021 to extend up to seven years after the original date of issuance.

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness, including budget notes, capital notes and tax and revenue anticipation notes.

Remedies Upon Default

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

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

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

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

As a result of the Court of Appeals decision, doubt has been cast on the constitutionality of that portion of Title 6A of the Local Finance Law enacted at the 1975 Extraordinary Session of the State Legislature, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to

any contract, debt or obligation of the municipality during the emergency period. In any event, no such emergency has been declared with respect to the City.

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

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

Debt Contracting Margin

The following table sets forth the debt limit of the City, showing its debt contracting margin.

TABLE 9		
<u>Computation of City Debt Limit</u>		
	Computation of Debt Limit as of <u>January 30, 2024</u>	
Indebtedness		
Serial Bonds	\$171,765,000 (1)	
Bond Anticipation Notes	154,255,000 (1)	
Revenue Anticipation Note (School)	<u>0</u> (1)	
		\$326,020,000
Deductions and exclusions		
Water bonds and notes	52,360,972 (2)	
Sanitary sewer bonds and notes	0 (3)	
Appropriations	14,825,000 (4)	
Cash and investments	<u>1,320,887</u> (5)	
		<u>68,506,859</u>
Net Indebtedness		257,513,141
Debt limit (9% of five-year average full valuation)		<u>743,870,259</u>
Debt contracting margin		<u>\$486,357,119</u>
% of Debt Limit Exhausted		<u>34.62%</u>

(1) Represents all Municipal bond and note debt of the City. Includes water and sewer debt listed above under "Deductions and Exclusions".

(2) Excluded pursuant to Section 136.00 of Local Finance Law.

(3) Excluded pursuant to Section 124.10 of the Local Finance Law by order of the State Comptroller dated February 13, 1996.

(4) Represents outstanding indebtedness not otherwise excluded to the extent current budgetary appropriations, not yet realized as cash, may be applied to pay such indebtedness. Excluded pursuant to Section 136.00 of the Local Finance Law.

(5) Represents cash on hand to pay principal of outstanding indebtedness not otherwise excluded, and investment of such cash at market value pursuant to Section 136.00 of the Local Finance Law. Amount represents funds received from federal and/or state grants for projects for which have outstanding bonds and/or notes after completion of projects for which there is outstanding debt remaining.

Source: Finance Director's Office

Table of Indebtedness

The following table sets forth the amount of short-term and long-term indebtedness as of February 7, 2024, and pro-forma on February 28, 2024 after giving effect to the conversion of \$39,325,000 Bond Anticipation Notes to Serial Bonds and the issuance of the Notes on February 27, 2024 and the payment of bond anticipation notes on February 28, 2024. Also giving the effect of the defeasance of \$515,000 in Parking Garage Bonds on February 16, 2024.

TABLE 10
Table of Indebtedness

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>As of 02/07/2024</u>	<u>Pro Forma As of 02/28/2024</u>
Bond Anticipation Notes				
Public improvement	4.50%	02/28/24	\$49,005,000	\$ -
Public improvement	4.50%	08/01/24	105,250,000	105,250,000
Public improvement	x.xx%	02/27/25	<u>-</u>	<u>17,980,000</u>
Total Bond Anticipation Notes			<u>154,255,000</u>	<u>123,230,000</u>
Bonded Indebtedness			<u>166,120,000</u>	<u>201,460,000</u>
Total Bonds and Notes			<u>\$320,375,000</u>	<u>\$324,690,000</u>

Source: Finance Director's Office

Direct and Overlapping Indebtedness

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

TABLE 11
Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>City Share</u>	<u>Applicable to City</u>
Monroe County	\$379,366,211	6/02/23	15.02%	\$56,980,805
Total Net Overlapping Debt				56,980,805
Total Net Direct Debt				<u>257,513,141</u>
Net Direct and Overlapping Debt				<u>\$314,493,946</u>

Source: County's Final Official Statement

Debt Ratios

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

TABLE 12
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$257,513,141	\$1,219	2.87%
Net Direct and Overlapping Debt	\$314,493,946	1,488	3.50%

(1) The population of the City is 211,328, according to the April 1, 2020 US Census.

(2) The City's full value of taxable real property based on special equalization rates for fiscal year 2023-24 is \$8,986,731,485.

Short-Term Indebtedness Outstanding

The City has \$105,250,000 bond anticipation notes which will mature on August 1, 2024, and following the issuance of the Notes, \$17,980,000 bond anticipation notes which will mature on February 27, 2025.

Trend of Indebtedness

The following sets forth the amount of short-term and long-term indebtedness for the last four fiscal years ending June 30 and Pro-forma as of February 28, 2024.

TABLE 13

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	Pro-forma <u>February 28, 2024</u>
Short-term indebtedness					
Bond Anticipation Notes					
City	\$66,175,000	\$88,847,000	\$118,507,000	\$106,815,000	\$88,790,000
School	<u>37,850,000</u>	<u>51,278,000</u>	<u>59,865,000</u>	<u>16,030,000</u>	<u>34,440,000</u>
Total BANs	<u>104,025,000</u>	<u>140,125,000</u>	<u>178,372,000</u>	<u>122,845,000</u>	<u>123,230,000</u>
Bonded Indebtedness					
City	125,564,223	99,212,645	77,626,500	89,190,370	108,714,831
School	<u>106,350,777</u>	<u>87,112,355</u>	<u>72,253,500</u>	<u>109,309,630</u>	<u>92,745,169</u>
Total Bonds	<u>231,915,000</u>	<u>186,325,000</u>	<u>149,880,000</u>	<u>198,500,000</u>	<u>201,460,000</u>
Total Debt	<u>\$335,940,000</u>	<u>\$326,450,000</u>	<u>\$328,252,000</u>	<u>\$321,345,000</u>	<u>\$324,690,000</u>

Source: Finance Director's Office

Indebtedness by Purpose

The following table summarizes the short-term and bonded indebtedness of the City by purpose, as of February 28, 2024 after giving the effect to the conversion of \$39,325,000 Bond Anticipation Notes to Serial Bonds and the issuance of the Notes on February 27, 2024, and payment of bond anticipation notes on February 28, 2024. Also giving the effect of the defeasance of \$515,000 in Parking Garage Bonds on February 16, 2024.

TABLE 14

	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>
General Public Improvements	\$71,669,859	\$70,181,000	\$141,850,859
Sewerage Public Improvements	-	-	-
Water Facilities	37,044,972	18,609,000	55,653,972
School Improvements	<u>92,745,169</u>	<u>34,440,000</u>	<u>127,185,169</u>
	<u>\$201,460,000</u>	<u>\$123,230,000</u>	<u>\$324,690,000</u>

Source: Finance Director's Office

Debt Service Schedule

The following table sets forth all principal and interest payments required on the City's outstanding bonded indebtedness as of January 30, 2024.

TABLE 15
Bond Debt to Maturity as of January 30, 2024

Fiscal Year	Total <u>Principal</u>	Total <u>Interest</u>	Grand <u>Total</u>
2023-24	\$9,115,000	\$3,587,429	\$12,702,429
2024-25	29,105,000	6,459,437	35,564,437
2025-26	23,475,000	5,382,717	28,857,717
2026-27	20,990,000	4,440,057	25,430,057
2027-28	17,570,000	3,617,861	21,187,861
2028-29	16,650,000	2,890,937	19,540,937
2029-30	13,665,000	2,231,119	15,896,119
2030-31	12,380,000	1,662,850	14,042,850
2031-32	9,405,000	1,163,800	10,568,800
2032-33	7,565,000	759,625	8,324,625
2033-34	5,830,000	440,425	6,270,425
2034-35	3,550,000	212,000	3,762,000
2035-36	1,980,000	73,750	2,053,750
2036-37	485,000	12,125	497,125
TOTAL	<u>\$171,765,000</u>	<u>\$32,934,132</u>	<u>\$204,699,132</u>

Source: Finance Director's Office

Long-Term Financial Planning

The City has historically been able to maintain a stable, unassigned fund balance in the general fund at approximately one percent of total general fund revenues. That balance as of June 30, 2023 was \$9,050,000.

As a planning tool for long-term financing, and the annual budget process, the City prepares a five-year capital improvement program. This document, which is updated annually, prioritizes capital projects by their funding source and timing. Bonded indebtedness is managed in coordination with debt repayment schedules to stay within legal debt limits and to maintain a stable level of debt service. Also, the City Charter allocates the 9% New York State constitutional debt limit between the City and the District as 5.5% for municipal purposes and 3.5% for educational purposes.

Capital Improvement Plan

The following sets forth a summary of the City's adopted Capital Improvement Plan and the source of funding for the fiscal years 2024-28. It should be noted that each planned project must be duly authorized by the City Council before being undertaken.

	(\$000s omitted)					
Capital Improvement Program	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>Total</u>
Arts & Culture	\$171	\$271	\$1,371	\$271	\$271	\$2,355
Economic Development	11,925	17,888	10,518	7,064	6,946	54,341
Equipment and Technology	16,587	18,408	11,581	9,769	11,888	68,233
Facilities	17,817	27,337	22,106	39,513	44,714	151,487
Parks and Open Space	9,510	21,615	44,364	10,904	18,421	104,814
Public Safety	11,911	16,363	20,171	13,343	16,003	77,791
Transportation & Infrastructure	42,651	61,986	53,937	148,073	42,764	349,411
Water System	<u>25,219</u>	<u>17,424</u>	<u>35,978</u>	<u>15,466</u>	<u>17,887</u>	<u>111,974</u>
Grand Total	<u>\$135,791</u>	<u>\$181,292</u>	<u>\$200,026</u>	<u>\$244,403</u>	<u>\$158,894</u>	<u>\$920,406</u>

<u>Source of Funding</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>Total</u>
Debt	\$59,316	\$86,610	\$119,990	\$76,599	\$87,242	\$429,757
Cash Capital	50,365	76,084	61,466	62,248	64,878	315,041
Other Governments	<u>26,110</u>	<u>18,598</u>	<u>18,570</u>	<u>105,556</u>	<u>6,774</u>	<u>175,608</u>
Grand Total	<u>\$135,791</u>	<u>\$181,292</u>	<u>\$200,026</u>	<u>\$244,403</u>	<u>\$158,894</u>	<u>\$920,406</u>

Source: Data from 2023-24 Approved Budget.

ECONOMIC AND DEMOGRAPHIC DATA

Rochester's Industrial History

Rochester is located in western New York State where the Genesee River meets the south shore of Lake Ontario. The river drops in elevation as it flows through Rochester, creating rapids and waterfalls that were used to power grist mills and saw mills as early as the late 18th century. The combination of agriculture and water power established the City's early history as a grain processing center.

Rochester benefited substantially as construction of the Erie Canal (1817 to 1825) provided farmers and grain processors in Western New York with low-cost access to markets in New York City and the newly-settled states to the west. Grain processing expanded (and local grain cultivation declined) as western grain began to flow into Lake Erie and Lake Ontario ports on its way to eastern markets. Buffalo and Rochester became profitable places to mill the grain into flour before it was shipped on by canal or later, by rail. Rochester grew rapidly, adding 75% to its population between 1830 and 1850.

As local grain cultivation declined, Rochester area farmers shifted to a profitable niche market, growing fresh flowers for New York City and Boston, and selling flower and vegetable seeds across the country. The legacy of Rochester's "Flower City" years lives on in the annual Lilac Festival.

The Civil War spurred the industrial growth of New York State, including Rochester. While an explosion of rail construction during the 1850s and 1860s diminished the economic value of the Erie Canal, Rochester became a major stop on the new transportation corridors. George Eastman's inventions of the late 19th century resulted in the formation of the Eastman Kodak Company in Rochester. By the early 20th century, Kodak had become a key engine of growth in Rochester with peak employment of over 60,000 in 1982. Entrepreneurs of the same era founded other companies with continued name recognition - Bausch & Lomb, the Gannett Company and Hickey-Freeman, as examples.

Another Rochester success story was the Haloid Corporation. Chester Carlson's invention of xerography put the renamed Xerox Corporation at the forefront of innovation. Xerox, starting with the introduction of the world's first automatic plain copier in 1959, grew to become a leading provider of business document management products, as well as commercial printing equipment and business process outsourcing services.

Throughout the 1900s, the presence of high-technology firms led to the City being known as a center for manufacturing in specialized industries such as photographic equipment, graphic innovation, optics, machine

tooling, automotive products, and medical instrumentation. During this time, community leaders such as George Eastman sowed the seeds of education with the founding of the University of Rochester, healthcare with Strong Memorial Hospital and UR's School of Medicine, Dentistry, and Nursing, and arts with the Eastman School of Music.

Rochester's Transformation to a 21st Century Economy

The dominant feature of Rochester's economy during the previous 30 years has been the decline of traditional sources of income and the birth of new firms and industries. Through much of the last century, Rochester was dominated by major manufacturers - particularly Kodak - employing highly skilled production workers, thousands of key scientists and technicians in research and development positions and many headquarters staff. As these companies restructured, the workers who left their employers have fueled the growth of numerous small and medium sized firms in a range of industries. In 1980, just over half (57%) of employment was located in small and medium-sized firms of 1000 employees or less. Most of these firms had direct or indirect linkages to major Rochester firms like Kodak, Xerox or General Motors. By 2008, the share of employment in small and medium-sized firms had risen to about 80% (Center for Governmental Research "CGR" estimates from County Business Patterns data). Manifesting the shift to a services based workforce, the University of Rochester has grown to be the largest local employer with 32,100 jobs in May 2023.

Eastman Kodak: Kodak's steady employment growth from the early part of the century through 1982 and the relative stability of Kodak product sales insulated the Rochester economy from the worst of national business cycle fluctuations, including the Great Depression. At its 1982 peak, the Eastman Kodak Company directly employed over 60,000, almost 14% of workers in the Rochester Metropolitan Statistical Area (MSA). Due to Kodak's relatively high salaries, the company was responsible for 22% of the Rochester MSA payroll. In all, Kodak was likely responsible for nearly half of the metropolitan economy (CGR estimates).

Kodak's market position has changed dramatically in intervening years. Until the 1980s the company faced few competitors, particularly in the lucrative U.S. market. The quality of its products and the respect afforded its brand enabled the company to earn substantial profits. By the mid-1980s, Japanese competitor Fuji began to challenge Kodak's market position in the U.S. and across the world. Other companies such as 3M, Agfa and Konica also gained share at the expense of the market leaders. The rise of digital imaging broadened the threat to Kodak's film business in the 1990s, and then decimated the firm's principal markets beginning in 2000 as digital imaging nearly replaced film.

Profits continued to decline through the 2000s even as Kodak conducted massive layoffs and sale of facilities and business components. Eastman Kodak filed for Chapter 11 Bankruptcy in January 2012. Kodak emerged in September 2013, reduced in size and refocused on corporate customers and the commercial printing and packaging businesses. Key to Kodak's restructuring was the sale of R&D patents for more than \$500 million to a technology consortium and sale of Eastman Business Park power plant facility to Illinois based Recycled Energy Development Inc. Kodak celebrated its return to the New York Stock Exchange in November 2013, listed as KODK. Today, Kodak's key business units include traditional printing, digital printing, advanced materials and chemicals, and brand. For the fiscal year ended December 31, 2022, Kodak's revenues were \$1.205 billion (vs \$1.150 billion for the fiscal year ended December 31, 2021) and a net profit of \$26 million (vs a net profit of \$24 million for the fiscal year ended December 31, 2021). For the 9- month period ended September 30, 2023, Kodak reported revenue of \$842 million and a net profit of \$70 million versus revenue of 900 million and a net profit of \$19 million for the 9- month period ended September 30, 2022.

The City of Rochester, New York State, and their economic development partners continue to work with Kodak and the tenants of Eastman Business Park to assist in every way possible. Attraction efforts continue to bring new businesses to Eastman Business Park and its existing vacant parcels. (SEE "Significant Announcements-Eastman Business Park" herein). Today, over 6,000 people work at almost 100 companies at Eastman Business Park.

Kodak's Heirs: Kodak's legacy is also visible in the number of successful firms in the community that are remnants or spin offs of the photo firm. These firms include L3Harris Geospatial, a unit of L3Harris Technologies, which was once Kodak's Remote Sensing Systems unit and renamed the unit ITT's Space System Division; Carestream Health Inc. a subsidiary of Onex Corporation's Onex Healthcare Holdings, Inc., which purchased various units of Kodak's healthcare business; Optimation Technology, which acquired Kodak's capital engineering, capitalized maintenance and construction units; Ultralife Corporation, which spun out of Kodak in 1991; and many others.

Rochester 2034 Comprehensive Plan

In 2019, the City adopted its fourth ever comprehensive plan, *Rochester 2034*. The 15-year Plan provides a strategic blueprint for growth, development, and policies as the City approaches its 200th birthday in 2034. It covers a myriad of topics such as transportation, land use, economic growth, housing, public health, education, and the arts. For each topic, a set of Goals and Strategies are established that will guide investment over the next 15 years. *Rochester 2034* was developed through extensive community and stakeholder engagement, and is meant to provide guidance for City investment and policies as well as guidance for key community partners as they invest in Rochester. It presents a strong foundation for the City to rebuild its population, employment, and local business sector, as well as to improve the quality of life for all of its residents.

Economic Development

The City of Rochester's Business Development Division provides expanding and relocating businesses with both technical and financial assistance through business loan and grant programs. Many economic development activities in the City are centralized providing businesses with both convenient and efficient processes to assist in their businesses growth and development.

During the fiscal year ending June 30, 2023, the Department of Neighborhood and Business Development assisted numerous businesses resulting in approximately 435 jobs retained, and approximately 150 jobs created.

The US Bureau of Labor Statistics reports the Rochester area as having an unemployment rate in October 2023 of 3.6 %, compared to 4.2% for New York State, and a 3.9% national rate.

Significant Announcements

Rochester Regional Health, a leading provider of comprehensive care for Western New York and the Finger Lakes region, completed construction of the new Sands Constellation Center for Critical Care at its main campus in the City. The \$250 million project was opened in October 2020, and consists of a new 7-story 312,000 square foot building. The new facility will provide a new surgical care center, new women's health and newborn care suites, and 36 new private rooms per floor.

Highland Hospital, affiliated with the University of Rochester Medical Center, commenced construction in late 2020 on a new \$70 million expansion project designed to modernize the hospital campus. The Project consists of a 4-story 64,000 square foot building. The new building will provide 58 additional patient care rooms and additional room for clinical programs. The Project was completed in the Spring of 2023.

General Motors Component Holdings, Inc: In January 2023, General Motors Company announced a \$68 million investment planned for the General Motors Component Holdings, Inc. plant located in the City of Rochester. The investment will help position GM at the forefront of the electric vehicle market, as well as provide for production of next-generation V-8 light duty truck engines.

FIFCO USA: In June 2018, North American Breweries, owner and operator of the Genesee Brewing Company (GBC) announced a name change to FIFCO USA. The new name better aligns the business with its parent company, FIFCO, a global beverage company based on Costa Rica. GBC is one of the oldest continuously operating breweries in the US and is currently the 6th largest brewery in the US. In February 2017, GBC announced a \$49.1 million project involving significant investment in the company's brewing systems and other upgrades to the breweries 27-acre campus. In July 2021, FIFCO USA, parent company of the Genesee Brewery, unveiled an \$18 million plan to expand production of its Seagram's Escapes flavored malt beverage lineup. As of May 2023, FIFCO USA employed 600 workers.

Bausch Health Companies: Bausch Health Companies (formerly Valeant Pharmaceuticals) announced in November 2018 a significant new investment to expand its contact lens manufacturing operations at its North Goodman Street manufacturing plant. The investment is expected to create 100 new jobs at the facility.

The ROC the Riverway initiative is a bold and progressive plan to revitalize Rochester's underutilized Genesee Riverfront. It consolidates more than two dozen transformational projects along the Genesee River into a unified strategy that will enable Rochester to better leverage the value of its riverfront. In February 2018, New York State made an initial commitment of \$50 million to implement the first phase of this vision, and the first projects awarded funding were announced in August 2018. Since then, the City has completed many successful

ROC the Riverway projects, including construction of ROC City Skate Park (Phase I), Blue Cross Arena Exchange Street Addition, Rundel Memorial Library North Terrace, West River Wall Reconstruction at the North Star Commons, Main Street Resurgence (Phase 2), the Brewery Line Trail at High Falls Terrace Park, and Genesee Gateway Park (Erie Harbor Phase II). As of late 2023, construction is under way on Riverway Main to Andrews West (Charles Carroll Plaza / Sister Cities Bridge), the Pont de Rennes pedestrian bridge, and Aqueduct District Street Improvements. Numerous other projects are under design, including but not limited to Aqueduct Reimagined and Riverfront Promenades, Riverway Main to Andrews East (Genesee Crossroads Park), and ROC City Skate Park (Phases II and III).

Aqueduct Reimagined, the centerpiece of the ROC the Riverway vision, will reveal the historic Erie Canal Aqueduct and transform the Broad Street Bridge into a dynamic public space that uniquely celebrates the rich history and culture of Rochester. This project will include removal of the upper vehicular deck of the Broad Street Bridge, enhancement of the historic 1842 aqueduct below, and creation of an iconic location that is inviting to individuals of all socioeconomic statuses and physical abilities. New adjoining riverfront promenades and multimodal connections will facilitate seamless connectivity on both sides of the Genesee River. Preliminary engineering and design continued in 2023, along with stakeholder engagement and coordination with state and federal officials, to determine the features of this dynamic new space. Construction is under way on improvements to streets in the adjacent Aqueduct District to create a more pedestrian-friendly area while still accommodating needs for vehicular access.

The City also is advancing the Inner Loop North (ILN) Transformation Project, which will redesign and reconstruct the remaining 1.5 mile segment of the grade-separated Inner Loop Expressway on the north side of downtown Rochester. Like Inner Loop East, which the City removed in 2017, the ILN poses a formidable barrier between Downtown and adjacent neighborhoods, stifling redevelopment, depressing property values, and discouraging connectivity. The City completed the ILN Transformation Planning Study in September 2022, identifying a preferred concept for transforming the ILN into a network of urban streets that better meet the needs of all users; reconnect neighborhoods to Rochester's downtown; and create opportunities for equitable redevelopment and green space. Also in 2022, New York State's Governor committed \$100 million to fund the ILN project. As of 2023, the City is moving ahead with detailed engineering and design of the preferred concept, including further community engagement, as well as further land use planning for redevelopment.

The Office of Energy and Sustainability (OES) has been focused on advancing several key programs, partnerships, and projects to increase energy efficiency, reduce greenhouse gas emissions and build climate change resilience strategies. Ongoing projects have received support from the New York State Energy Research and Development Authority (NYSERDA) and the New York State Department of Environmental Conservation (NYSDEC).

OES developed a Municipal Operations Climate Action Plan which provided strategies for improving energy efficiency and reducing greenhouse gas emissions in municipally owned facilities. Multiple City-owned facilities and street lights have been receiving energy efficient (LED) lighting upgrades, a green roof was installed on City Hall in 2010, and the City is replacing decommissioned fleet vehicles with electric vehicles (EVs), where appropriate. OES completed a 2-megaWatt solar field installation at the former Emerson Street landfill in 2017 which supplies renewable energy to City Hall and the Central Vehicle Maintenance Facility. Through a Power Purchase Agreement, the City anticipates a cost savings of \$2 million over the 25-year term of the agreement. All these actions are helping to make City operations more energy efficient and reduce our municipal greenhouse gas emissions.

OES developed a community-wide Climate Action Plan in 2017 which set greenhouse gas emissions reduction goals and implementation actions. In 2018, OES completed a Climate Vulnerability Assessment (CVA) to prioritize key systems and assets that are most vulnerable to the impacts of climate change and in 2019 completed a Climate Change Resilience Plan that includes implementation strategies to prepare and adapt to the impacts of climate change. OES recently completed an updated Greenhouse Gas Emissions Inventory for both municipal operations and the community as a whole. These inventories will be used to inform updates to the City's Climate Action Plans.

OES, in partnership with PathStone and the Rochester People's Climate Coalition, launched the Sustainable Homes Rochester (SHR) campaign in 2019 to encourage residents to install clean heating and cooling technologies and improve home energy efficiency. This program transitioned to the new Energy Smart Rochester program launched by OES in 2021, which provides comprehensive information and resources for homeowners to improve the energy efficiency of their homes as well as information on renewable energy and

electric vehicle adoption. OES developed a Sustainable Practices for Building Owners and Occupants and a Green Infrastructure Manual to provide guidance for developers and planners to incorporate energy efficiency, sustainability and green infrastructure measures into their projects or properties.

In addition to 12 existing electric vehicle (EV) charging stations, OES installed 6 additional dual port EV charging stations for public use at High Falls Garage, the Public Market, Charlotte Branch Library, Genesee Valley Park, and Cobbs Hill Lake Riley Lodge, providing the necessary infrastructure for EV readiness. OES will be installing 2 dual port EV charging stations for public use at the South Avenue Garage. Efforts continue to install additional public EV stations as well as encourage developers to include EV stations as part of their design process. OES, in partnership with Greater Rochester Clean Cities advocates for greater EV adoption in the community while educating the public, major employers, and other municipalities to consider choosing EVs, an environmentally favorable transportation option. OES is working with the DES Equipment Services Bureau to identify and incorporate electric vehicles into the City fleet, where appropriate.

Additionally, the City completed a Source-Separated Organics Feasibility Study, which evaluated the potential development of a food waste composting program for city residents. As a result of this study, the City launched a residential food waste composting drop-off pilot program in July 2021. The pilot program consists of 1,000 participants, with twice-weekly drop off events held at Cobbs Hill Park and Genesee Valley Park and a new weekly drop off at the Maplewood Rose Garden. To complement this effort, the City prepared a food waste reduction and donation education and outreach program. OES will be developing an Organics Management Plan to further supplement the City's Organics Feasibility Study, residential food waste composting drop-off pilot and food waste reduction education program and to create a comprehensive approach to reducing food waste and recycling organics. All of these projects were partially funded by New York State Department of Environmental Conservation (NYSDEC) grants.

The City has authorized and launched a commercial property assessed clean energy (C-PACE) program, in partnership with the New York State Energy Improvement Corporation (EIC). C-PACE provides financing to commercial entities, including multifamily housing and non-profits, to install energy efficiency and renewable energy measures for qualified properties. C-PACE financing is private long-term financing, which can match the life of the improvement.

A Community Choice Aggregation (CCA) program has also been authorized and launched by the City, under the name Rochester Community Power. This program, managed by a third party CCA administrator, provides 100% renewable electricity to eligible participants at a fixed and competitive rate.

Due to these ongoing sustainability efforts, the City of Rochester is a certified Climate Smart Community (recognized by NYSDEC) and a Clean Energy Community (recognized by NYSEDA).

The City has partnered with Eastman Kodak to market the parcels found in the Eastman Business Park (EBP) to prospective businesses. Available properties consist of vacant buildings as well as approximately 72 acres of vacant land found along West Ridge Road. The City, along with its partners Monroe County, Empire State Development and Greater Rochester Enterprise, assisted with the recent Cody Gate Ventures development that brought three new businesses to the area (Intrinsic Materials, Quintel Technologies and Omni-ID), bringing as many as 250 jobs and \$100 million total investment within our community (partially located within the City of Rochester). The Finger Lakes Regional Economic Development Council also designated the redevelopment of EBP as the region's number one priority in the REDC application process and received a total of \$2.4 million in 2012 for projects in the park. The City and its economic development partners meet regularly to discuss potential development projects within EBP.

The New York Photonics board announced in March 2017 that the headquarters for The Photonics Institute will be located at Eastman Business Park on Lake Avenue. The total budget for the initiative was \$600 million. In May 2018, ON Semiconductor opened its expanded test and assembly facility at the site. In November, the Board announced that the TAP (test/assembly/packaging) facility was substantially complete. In September 2019, ON Semiconductor announced 30 job layoffs at the location. In October 2021, New York State announced a 7-year extension agreement to continue the operations at the facility.

Eastman Business Park, which previously only was home to Eastman Kodak Company, now has more than 100 companies employing over 6,000 workers within its geographic area. Eastman Business Park is home to manufacturing, tenant and site infrastructure facilities, with several facilities currently for sale and/or lease, along with space for new buildings and development. Kodak currently has 2.5 million sq. ft. of existing facility

space of virtually all types, and over 300 acres of developable property for commercial or industrial use. To accommodate this growth and continue to be an essential part of economic development, Eastman Kodak is undertaking a master plan for EBP to evolve into a dynamic community for individuals not only to work in, but to live and be entertained with Kodak's Theatre on the Ridge featuring a large mural of its founder George Eastman.

To make the park more efficient and energy efficient, RED-Rochester purchased four new natural gas boilers to meet the needs of the 100 plus companies operating at EBP. This will lower the park's operating costs and decrease the park's carbon emissions by 50 percent. These benefits will have a positive impact of attracting more businesses to the park.

The La Marketa project, located at 828 N. Clinton Avenue, includes a public plaza for retail and outdoor use, a bandstand, a parking lot, a new curb cut on Sullivan Street to provide access to the parking area, and a new restroom facility. It also includes areas for public gathering and the addition of shipping container buildings for seasonal commercial use. Other site amenities provided are bicycle parking, landscaping, lighting, and ornamental fencing. The project seeks to promote economic development by offering low cost of entry retail opportunities for small businesses to serve the neighborhood. The \$3.6 million Project was completed and opened to the public in October 2020.

The City is undertaking a major neighborhood revitalization effort in an area locally known as Bull's Head. Bull's Head includes the convergence of five neighborhood arterials and is the western gateway to downtown Rochester. The City's Bull's Head community planning process resulted in a neighborhood revitalization plan completed in fall 2019. As a catalyst for area-wide revitalization, the City has targeted to reposition over 12 acres of existing vacant and/or underutilized property. In 2022, the City was awarded an approximately \$7.5 million street construction grant through the federal Transportation Improvement Program (TIP). The total street project cost is anticipated to be approximately \$15 million. Preliminary street design work is underway with final design work to commence in 2024. An approximate five-year phased approach to mixed-use redevelopment at Bull's Head is anticipated to begin in 2024.

Midtown Rising is a redevelopment partnership that is positioning Rochester, New York for its future by significantly reshaping the downtown core through major public and private investment, job creation and infrastructure development. At the heart of the project is the rehabilitation of the nearly 9-acre former Midtown Plaza into a mixed-use area designed to attract a critical mass of residents and 24/7 amenities that contribute to a vibrant live-work-play environment.

The former Midtown Plaza consisted of 1.5 million square feet of vacant, office and retail buildings covering 8.6 acres. The complex was home to McCurdy's department store, an array of retail shops, and an office tower with an upscale hotel and restaurant located on the top four floors.

The Midtown Rising project involved the demolition of most of the Midtown buildings, the adaptive reuse of the former Seneca Building and the former, Midtown Tower, inclusion of new streets and open space, and creation of development parcels.

On Parcel 2 – construction of a five-story mixed-use building is complete, as further described below under the "Center City" section.

The former Midtown Tower on Parcel 3 has been redeveloped into Tower280, a mixed-use building including first floor retail, office space, and residential units. Branca is the first restaurant at the building and there is 44,000 square feet of first floor retail space. Commercial tenants include: Bergmann Associates, Brand Networks, DeJoy, Knauf, & Blood, Allstate, and Second Avenue Learning. Tower280 also includes 181 residential units, 40 of which are allocated to households with incomes below 120% of the area median income.

Parcel 4, also known as Midtown Commons, is an outdoor public space which is available for a variety of uses including a venue for special events and festivals.

NextCorps (formerly High Tech Rochester) Business Accelerator (NC): In February 2018, NC announced the official opening of its new state-of-the-art business accelerator operation in Sibley Square in downtown Rochester. NC currently occupies the entire 6th floor (68,000 sq.ft.) of the building. New York State provided a \$5 million grant for the project which is projected to create over 1,000 jobs over the next 5 years. The creation of this \$24 million incubation and business support facility in downtown Rochester will drive regional growth in entrepreneurship and innovation, as well as help accelerate the revitalization of the City by creating an "innovation district" in the heart of Rochester.

Xerox Corporation: In December 2016, Xerox separated its business process service operations into a new publicly traded company named Conduent. Headquartered in New Jersey, Conduent has over \$6 billion in

revenue and 93,000 employees. Xerox remains as a publicly traded company focused on document management for a wide variety of industries. Headquartered in Norwalk, Connecticut, the company has \$7.11 billion in revenue and 24,700 employees. In 2017, Xerox announced that 177 jobs would be cut at its Webster NY campus as part of on-going restructuring efforts. In January 2018, the company announced it would relocate all of its employees from Xerox Square in downtown Rochester to its Phillips Road campus in the town of Webster by the end of the year. Xerox estimated that several hundred employees were located in Xerox Square. The relocation was completed in 2018. In October 2021, Xerox announced that it was in discussions to sell 3 buildings located in Webster totaling 1.5 million square feet to Tessy Plastics. The sale was finalized in the summer of 2022. As of May 2023, Xerox employed 1,592 workers in the Rochester area.

Bausch+Lomb Corporation is a leading global eye-health corporation which manufactures and markets a broad range of eye-health products such as contact lenses, intraocular lenses, other medical devices, lens care products, prescription eye medications, and other healthcare products. These products are sold directly or indirectly in more than 100 countries. Bausch+Lomb Corporation is a subsidiary of Bausch Health Companies. Bausch and Lomb was founded in Rochester in 1853 and for 160 years Rochester served as its headquarters location. Specializing in eye care products and lens technology, the company has enjoyed success in these markets and significant brand recognition worldwide. In 1995 the company constructed a modern office tower headquarters that became a centerpiece for the downtown business district. The office tower was sold in 2014 to a local development firm. Valeant Pharmaceuticals International, Inc., a multi-nation specialty pharmaceutical company based in Laval Quebec, finalized the acquisition of Bausch and Lomb in August 2013 and moved the corporate headquarters to Laval Quebec. When Valeant acquired Bausch and Lomb, the company announced plans to lay off 10 to 12% of the Bausch and Lomb workforce worldwide, including as many as 1,200 local jobs. However, local leaders were successful in convincing Valeant to reconsider locating the production of a new line of contact lenses in Rochester, originally planned for Ireland. In May 2018, Valeant announced that the name of the corporation will be changed to Bausch Health Care Cos. to “reflect the innovative legacy of the Bausch name.” In August 2020, Bausch Health announced plans to spin off its eye care business into a new separate company named Bausch & Lomb. In May 2022, Bausch & Lomb launched as a new publicly-held company named Bausch+Lomb Corporation. The new company’s international headquarters are located in Vaughan Ontario Canada. The company’s US headquarters are located in Bridgewater, New Jersey. As of May 2023, Bausch+Lomb Corporation employed 1,268 workers in the Rochester area.

Downtown Innovation Zone: In partnership with Rochester Downtown Development Corporation, NextCorp (formerly High Tech Rochester), and the RIT Center for Urban Entrepreneurship, the City of Rochester announced in November 2014 the designation of an area of downtown as the new Rochester Downtown Innovation Zone. This designation recognizes a momentum of development and clustering of entrepreneurial and creative activity that has been emerging thanks to the visionary leadership and work of the many institutions and organizations that have helped to reshape and rebuild downtown in recent years. The Innovation Zone designation will bring additional focus on the importance of this growing market segment to the future of Rochester, and continue to foster this activity in a way that maximized its success and the positive spillover effects of this dense clustering of activity.

The City and proponents envision the Downtown Innovation Zone as a vibrant live-work-play environment that encourages collaboration and enables easy face to face connections. The HTR and RIT CUE incubator organizations will play an important role in helping develop new business ventures and aiding them in locating appropriate space within the zone. The City and the Office of Innovation continue to be involved in seeking to bring additional incentives and amenities to the area.

In September 2021, Constellation Brands, Inc. a leading beverage alcohol company announced the company’s plan to move its global headquarters from Victor, N.Y., to the Aqueduct Building campus located at 50 East Broad Street, downtown Rochester, N.Y. The company, which will have nearly 400 employees working in the City of Rochester, will move into 170,000 square feet of space at the Aqueduct campus. The construction and renovations are tentatively scheduled to start mid-to-late 2022 and are estimated to be ready for occupancy in spring 2024.

Rochester continues to receive numerous national accolades. In 2011, the Atlantic ranked Rochester as one of the top 35 innovation hubs in the country. Business Facilities, the location advisor, lists Rochester as a top region for job growth and the third best food processing region in the United States. Brookings rated Rochester as one of the top 20 economies in the nation. Forbes Magazine lists Rochester as the number one best place to buy a home. In 2012, Rochester was rated the 5th best city for families by Kiplinger. In 2014, CNN Money listed Rochester as the second least stressed out city in the US, citing short commutes and extensive leisure options. In 2016, AARP magazine reported that Rochester is one of the top ten great cities in the United States

for retirement based on affordability; also citing Rochester's cultural amenities, "top universities", and "stellar health care".

Educational Resources

Metropolitan Rochester is an educational and cultural center. Located within Monroe County are several universities and colleges including the University of Rochester (including its Medical Center, affiliated healthcare facilities and its Eastman School of Music), Roberts Wesleyan University, the State University of New York at Brockport, Nazareth University, St. John Fisher University, Rochester Institute of Technology and Monroe Community College. These schools had 43,562 full time and 10,432 part time students enrolled in the fall of 2021.

University of Rochester. As of December 2021, the University was responsible for 32,211 jobs. A significant share of the University's growth has occurred at the University of Rochester Medical Center as Strong Health extends clinical service penetration beyond the metropolitan area and URMCM expands its research facilities and total employment.

Beginning in 1996, the University's Medical Center has executed a series of strategic plans that have dramatically expanded the physical footprint and economic impact of the institution. The college's 2008 master plan called for new technology, additional facilities, more jobs, new research equipment and marketing of the medical center. A key building component of the plan included the \$60 million, 200,000-square-foot Saunders Research Building that was completed in 2011. The expanded research effort is expected to lift the University of Rochester to a place among the nation's top 15 medical schools in federally-funded medical research. In May 2015, URMCM officially opened a new \$145 million eight-story, 245,000 square foot addition to its hospital, called The Golisano Children's Hospital.

Arts and Culture

Artistic activities and cultural institutions thrive within the Rochester metro area.

Established in 1921 by industrialist George Eastman, the world renowned Eastman School of Music is consistently ranked among the best comprehensive music schools in the United States. Eastman offers over 700 concerts annually by faculty, students, and guest artists at Kodak Hall at Eastman Theater, Kilbourn Hall, and Hatch Recital Hall. Numerous faculty and students of Eastman have received, or been nominated for, Grammy awards in the fields of classical and jazz music.

The Rochester Philharmonic Orchestra (RPO), also established by George Eastman in 1922, is a nationally award winning orchestra that provides over 120 performances annually with nearly 170,000 in attendance. The RPO performs at Kodak Hall at Eastman Theater, the Hochstein Performance Hall and other locations. The RPO is known for its educational programs providing free concerts for school children and the community.

The Rochester Museum and Science Center (RMSC) holds over 1.2 million items of local history and 200 interactive exhibits. RMSC is also home to the Strasenburgh Planetarium. Other Rochester museums include: the Memorial Art Gallery of the University of Rochester with 50 centuries of world art; the George Eastman House International Museum of Photography and Film; and The Margaret Woodbury Strong Museum - a museum dedicated to the history of play with the world's largest collection of historical items associated with play.

Live theater in Rochester includes touring Broadway shows provided by the Rochester Broadway Theater League at the Auditorium Theater; performances at GEVA Theatre Center - a regional theater in downtown Rochester that is one of the nation's leading non-profit professional theaters; live theater and dance at Nazareth University Arts Center, including dance performances by world renowned, Rochester-based, Garth Fagan Dance; and performances at the Kodak Center for the Performing Arts, Downstairs Cabaret Theatre and the Blackfriars of Rochester.

Sports

The City is home to numerous professional sports teams: the Rochester Red Wings, AAA farm team of the Washington Nationals; the Rochester Americans, American Hockey League farm team for the Buffalo Sabres; and the Rochester Knighthawks of the National Lacrosse League.

The Blue Cross Arena at the War Memorial. With seating capacity for sports events of 11,215, the Blue Cross Arena is home to the Rochester Americans Hockey Team, and the Rochester Knighthawks Lacrosse Team. With a total capacity of 13,000 the arena is also a venue for many concerts and events.

Innovative Field. Home of the Rochester Red Wings. Frontier Field is a 12,500 seat, multi-use stadium located in downtown Rochester that opened its doors to the public in July 1996. The stadium is expandable to 18,000 seats with 4,000 box seats, 4,000 general admission and 500 premium seats in the form of 36 luxury sky boxes.

Golf. The Greater Rochester area offers over 80 golf courses, among them the nationally ranked Oak Hill Country Club. Arguably one of the most prestigious golf courses in the country, Oak Hill has earned the top spot in Golf World magazine's course rankings, followed by Augusta National. Oak Hill has hosted numerous major tournaments including two US Amateurs, three US Opens, two PGAs, the Senior PGA and the Ryder Cup. In May 2019, Oak Hill hosted the KitchenAid Senior PGA Championship. Until 2013, Locust Hill Country Club hosted an annual LPGA tournament, which in recent years had been the Wegman's LPGA Championship. Oak Hill hosted the 2023 PGA Championship in May 2023.

Annual Festivals

Spring marks the beginning of Rochester's unique festival season. Almost every weekend from May to October features major events that draw people to the City's most beloved neighborhoods and parks to enjoy the arts, sounds, and bustling activity of Rochester's festivals, concerts, parades, athletic events, and block parties. The Lilac Festival in May, the Rochester International Jazz Fest in June, the Corn Hill Arts Festival in July, the Puerto Rican Festival in August, the Fringe Festival in September, and the Roc Holiday Village in December are just a few of more than 250 popular events that attract more than 1.5 million people from not only Rochester and New York State, but from all over the United States and beyond.

Exports

International trade by area exporters continues to be a significant component of the economic activity of the Rochester area. Exports from the Rochester MSA were \$3.8 billion for calendar 2020.

Waterfront Development

Port of Rochester: The City of Rochester is undertaking major revitalization efforts for its Port community. The Port location provides a unique private investment opportunity based on its proximity to the major waterways of Lake Ontario and the Genesee River. During the summer of 2016, the City completed construction of a new 84-slip public marina facility near the confluence of Lake Ontario and the Genesee River. A nationally renowned marina operator was contracted and has since been promoting and operating the marina on behalf of the City. In its third boating season in 2018, the marina's operations revenue exceeded \$260,000. The City's Local Waterfront Revitalization Program (LWRP) plan update, which includes recommendations for the Port and other waterfront areas within the City, was finalized in Spring 2018. The City will be seeking proposals for the purchase and redevelopment of a City-owned 2.8 acre vacant waterfront site in the Port of Rochester.

The 2nd level of the Port of Rochester Links Building was completed in March of 2017 as a Boater Lounge/Restrooms/Laundry/Kitchenette amenity for the boaters, along with the opening of a Welcome Center/The Breezeway Ship Store on the ground floor. The top level was completed as The Greenhouse as a rental and community space in the fall of 2017, and is regularly rented out from Labor Day to Memorial Day. Surrounding the marina is a new public promenade connecting the Genesee Riverway Trail to the Charlotte Pier. Arbor at the Port, a wedding venue and event space opened in The William A. Johnson, Jr. Terminal building in 2018, and Bill Gray's opened a new restaurant and bar in the building in 2019. Two additional long-standing tenants, California Rollin' & Abbott's Frozen Custard, continue to flourish and are mainstays at this location. Together with the City's Port terminal docking facilities, restaurant and retail development of the Terminal Building, visits by cruise ships, and the Port's existing attractions and events, the Port of Rochester is emerging as a premier Great Lakes destination.

Population

Following is the City's population as recorded by the U.S. Bureau of the Census since 2004.

TABLE 16

<u>Year</u>	<u>Population</u>
2004	216,876
2005	214,891
2006	213,605
2007	212,641
2008	211,872
2009	211,252
2010	211,977
2011	211,457
2012	210,967
2013	210,624
2014	210,461
2015	210,745
2016	210,291
2017	209,463
2018	207,778
2019	205,695
2020	211,328

Source: U.S. Bureau of the Census.

School District Enrollment

TABLE 17

	<u>Grades K-8</u>	<u>Grades 9-12</u>	<u>Total</u> ⁽¹⁾
2010-11	21,775	9,458	31,233
2011-12	21,160	9,252	30,412
2012-13	20,882	8,315	29,197
2013-14	20,605	8,331	28,936
2014-15	20,168	8,148	28,316
2015-16	19,489	8,063	27,552
2016-17	18,877	7,810	26,687
2017-18	18,303	7,754	26,057
2018-19	17,919	7,750	25,669
2019-20	17,477	7,540	25,017
2020-21	16,083	7,276	23,359
2021-22	15,044	7,194	22,238
2022-23	13,863	6,855	20,718
2023-24 ⁽²⁾	13,561	6,913	20,474
2024-25 ⁽³⁾	12,768	6,519	19,287

(1) K-12 Only; Source: New York State Education Department - Historical enrollment as of 11-29-23

(2) Source: Rochester City School District - Unaudited enrollment as of 12-22-23

(3) Source: Rochester City School District - Projected enrollment as of 12-27-23

Unemployment/Employment Data

TABLE 18
Unemployment Rates

<u>Year</u>	<u>Rochester MSA</u>	<u>State</u>	<u>U.S.</u>
2005	4.6%	5.0%	5.1%
2006	4.4%	4.5%	4.6%
2007	4.5%	4.6%	4.6%
2008	5.5%	5.4%	5.8%
2009	7.9%	8.3%	9.3%
2010	8.1%	8.6%	9.6%
2011	7.7%	8.3%	8.9%
2012	7.9%	8.5%	8.1%
2013	7.0%	7.7%	7.4%
2014	5.8%	6.3%	6.2%
2015	5.1%	4.8%	5.0%
2016	4.7%	4.8%	4.9%
2017	4.9%	4.7%	4.1%
2018	4.2%	4.1%	4.0%
2019	4.0%	3.8%	3.6%
2020	8.2%	10.0%	8.1%
2021	4.9%	7.0%	5.4%
2022	3.4%	4.3%	3.7%

Source: United States Department of Labor, Bureau of Labor Statistics

TABLE 19
Largest Area Employers

<u>Name</u>	<u>Number of Full-Time Employees</u> ⁽¹⁾	<u>Type of Business</u>
University of Rochester	32,100	Higher education, research, health care
Rochester Regional Health System	17,592	Healthcare
Wegmans Food Markets, Inc.	13,096	Supermarkets
Paychex Inc.	4,579	Payroll, benefits, human resources services
Rochester Institute of Technology	4,155	Higher education, research
L3 Harris Technologies, Inc.	3,724	Defense company
Angels in Your Home	3,051	Home Care Agency
Heritage Christian Services, Inc.	2,456	Human Services Agency
Finger Lakes Health	2,308	Healthcare
Lifetime Healthcare Cos Inc	2,298	Healthcare

(1) Local area includes Monroe, Genesee, Livingston, Ontario, Orleans and Wayne counties.

Source: Rochester Business Journal Article, May 5, 2023

Population and Housing Characteristics

TABLE 20
Sales of Existing Single Family Homes
Annual Total Reported By Real Estate Board of Rochester

		<u>Number Of Sales</u>	<u>Average Price</u>
2006	City	1,966	59,000
	Towns	6,158	130,000
2007	City	1,889	56,300
	Towns	6,008	132,900
2008	City	1,628	57,000
	Towns	5,365	131,000
2009	City	1,524	65,000
	Towns	5,633	130,000
2010	City	1,337	63,000
	Towns	5,016	138,000
2011	City	1,152	62,000
	Towns	4,704	136,900
2012	City	1,055	70,000
	Towns	5,212	138,000
2013	City	1,110	74,900
	Towns	5,599	140,000
2014	City	865	73,500
	Towns	4,415	143,000
2015	City	882	76,250
	Towns	4,934	145,500
2016	City	1,540	75,000
	Towns	7,427	133,000
2017	City	1,413	77,750
	Towns	7,198	139,000
2018	City	1,530	85,000
	Towns	7,264	147,000
2019	City	1,486	95,000
	Towns	7,228	154,500
2020	City	1,451	113,000
	Towns	6,758	170,000

Source: Democrat & Chronicle

The City has an aggressive program of foreclosing on delinquent properties and returning them to the tax rolls. The principal method of returning properties to private hands is through real estate auctions, although other programs, such as negotiated sales and homesteading, are increasingly important. The following table shows the success of the City's real estate auction and negotiated sale program.

TABLE 21
In-Rem Foreclosures and Dispositions

<u>Fiscal Year</u>	<u>Number of Foreclosures</u>	<u>Number of Properties Sold at Auction or Negotiated Sale</u>	<u>Assessed Value of Properties Sold and Returned to Tax Rolls</u>
2006-07	110	146	760,480
2007-08	314	261	3,971,000 ⁽¹⁾
2008-09	95	144	3,507,100
2009-10	69	163	3,631,950
2010-11	222	187	3,736,500
2011-12	294	180	2,957,400
2012-13	155	145	2,563,500
2013-14	202	156	1,714,500
2014-15	11	174	1,883,724
2015-16	205	99	2,278,000
2016-17	223	161	3,750,415
2017-18	139	126	3,034,300
2018-19	102	107	2,064,646
2019-20	100	99	1,867,260
2020-21	0	131	2,828,600
2021-22	0	49	1,159,270
2022-23	170	56	311,100
2023-24	0	24	596,000

Source: City of Rochester's Department of Neighborhood and Business Development, Division of Real Estate as of December 6, 2023

(1) Numbers previously reported were based on sale revenue. From this point forward, numbers reflect total assessed value.

Construction Activity

Construction activity is a valuable indicator of the level of investment and measure of confidence in the City.

TABLE 22
Construction Permits in the City of Rochester Permit Value

	(in millions)						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New residential	\$ 25.3	\$ 28.6	\$ 51.1	\$114.4	\$6.7	\$2.6	\$48.8
New non-residential	33.7	27.5	108.9	58.7	32.0	17.8	217.3
Residential remodeling	13.1	14.0	15.6	14.1	25.6	16.0	95.7
Commercial remodeling	126.0	106.9	166.9	105.0	120.3	223.1	38.5
Demolition	3.8	4.7	3.0	2.1	1.9	4.9	6.2
Conversions	24.5	10.1	1.6	6.1	7.1	104.5	0.07
Other structures	3.0	5.8	8.7	6.9	3.7	0.7	0.2
Plumbing	20.5	25.6	21.8	39.4	23.5	17.2	0.7
Electrical	20.3	12.5	12.5	13.2	23.9	20.0	4.1
	<u>\$270.2</u>	<u>\$235.7</u>	<u>\$390.1</u>	<u>\$359.9</u>	<u>\$244.7</u>	<u>\$406.8</u>	<u>\$411.7</u>

Source: City of Rochester's Department of Neighborhood and Business Development, Bureau of Buildings and Zoning.

	<u>Number of Construction Permits Issued</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New residential	68	29	15	89	35	20	23
New non-residential	46	74	67	61	113	67	6
Residential remodeling	1,231	1,217	1,368	927	1,037	1,077	326
Commercial remodeling	984	863	888	583	671	639	203
Demolition	218	252	138	137	83	106	87
Conversions	65	50	57	39	41	53	8
Other structures	250	243	211	167	145	102	10
Plumbing	1,320	1,354	1,138	956	949	975	25
Electrical	<u>2,471</u>	<u>2,583</u>	<u>2,335</u>	<u>1,828</u>	<u>1,586</u>	<u>1,429</u>	<u>22</u>
	<u>6,653</u>	<u>6,665</u>	<u>6,217</u>	<u>4,787</u>	<u>4,660</u>	<u>4,468</u>	<u>710</u>

Source: City of Rochester's Department of Neighborhood and Business Development, Bureau of Buildings and Zoning.

Center City

Rochester's Center City is continuing its growth and development as the hub of business, government, cultural, sports, entertainment and educational activities for the entire region. An increasing number of people also now call Center City home.

As of 2022, the Rochester Downtown Development Corporation (RDDC) was tracking over \$660 million in public and private Center City investment, either recently completed, underway, or proposed to commence. Since 2000, more than \$2.5 billion has been invested in Center City. 53 commercial buildings have been converted to residential or mixed-use since 2000, and 20 new residential projects have been built. The RDDC also reports that as of the 2022, there are 14 projects planned or under construction. 48,000 people work downtown and more than 8,500 residents currently live in the downtown area. RDDC expects that number to top 10,000 in the near future.

A number of projects have been completed over the past 24 months in the Center City.

Sibley Square – WinnCo of Boston, MA purchased and redeveloped the former Sibley's Department Store. The 1 million square foot building is in the midst of a phased \$200 million restoration, with notable residential and commercial components completed. NextCorps, a business incubator occupies 40,000 square feet and is among the building's commercial tenants. The Rochester Institute of Technology's City Art Space gallery and event center displays the work of students, faculty alumni and more. The video game developer collective ROC Game Dev serves as a headquarters, event and co-working space for professional, hobbyist and student game developers. Citizens Bank and Bank of America branches are now open and available at Sibley Square. A new grocery store DGX, and The Commissary, a kitchen incubator, opened in late 2020. The now open Mercantile on Main, a restaurant marketplace featuring seven kitchen vendors offering a variety of options is located at the building's Atrium. Some pending/prospective commercial tenants include: tech firms, education, law offices, and healthcare. This project is a critical component of Rochester's downtown revitalization and will attract residents, employment, and investment back to the City's Center. The building is within a 15-minute walk of the entire downtown core and the thriving East End district, and it is directly adjacent to the region's transit center.

Parcel 2 – In 2021 Buckingham Properties completed construction of a five-story, 106,000 square foot mixed use building at 260 East Broad Street, on a portion of the former Midtown Plaza site. The building includes 28 residential units, 6 of which are affordable to households earning at or below 60% of Area Median Income. Butler/Till co-owns the building and serves as an anchor tenant.

30 West Broad Street – Built in 1875, this 56,000 square foot building served as Rochester's City Hall for over a century and is included on the National Historic Register. Completed in 2023, 30 West Broad Street has been redeveloped into mixed-use, with 30 residential units and approximately 22,000 square feet of commercial space. The project additionally made needed repairs to the building, ensuring its preservation.

Inner Loop East Transformation Project - The City was awarded \$17.7 million in federal transportation funding in late 2013 for the removal of a portion of the Inner Loop on the eastern edge of downtown. The Inner Loop is a grade-separated expressway, surrounding downtown that was constructed over 50 years ago. Considered by

many to be a barrier separating downtown from surrounding neighborhoods, the \$22 million project removed a portion of the expressway, reduced the width of the road, and created new vehicular, pedestrian, and bicycle connections from the popular Alexander St. and Park Ave. neighborhoods into downtown. Construction began in 2014 with completion in summer 2018. The project has created seven ready-to-build development sites in one of the region's most popular districts, six of which have been awarded to developers.

Inner Loop East Site 1 (120 Charlotte Street) was sold in May 2018 for an affordable housing project to produce 50 affordable rental housing units was completed in the fall of 2019. This first completed Inner Loop East development project was fully occupied by December 2019.

Inner Loop East Site 2 (270 East Avenue) – This site was offered for sale via an RFP process and the selected developer team of Crista Development Corporation and CSD Housing LLC completed construction in 2022. The project resulted in 112 affordable housing units, including 50 units dedicated to supportive housing.

Inner Loop East Site 3 (275 East Avenue) – This site was offered for sale via an RFP process and the selected developer, Home Leasing, LLC completed construction in 2021. The Union Square project includes 72 affordable and workforce housing units that are fully leased. The two commercial spaces on the ground floor have been leased by a deli/market and a clothing store specializing in tailored suits.

A number of additional noteworthy projects in the Center City District are currently underway or proposed:

Inner Loop East Sites 4 & 5 – Completed in 2023, this project included the expansion of the Strong Museum of Play, the construction of a multi-level parking structure, a 125-unit all-suites hotel, and a 17,000 square foot five-building mixed-use development comprising urban mixed retail, and 236 residential rental units. Completed in 2023 and located on Inner Loop East Sites 4 and 5 and two adjacent parcels, this project was a partnership between the Strong Museum, Konar Properties, and Indus Hospitality Group. A brewery and “gaming-themed” restaurant and bar have opened into the mixed-use buildings’ commercial space.

Inner Loop East Site 6 (125 Howell Street) – This site was offered for sale via an RFP process and the selected developer closed on the land in 2020. Construction is anticipated to commence in 2024. The proposed project will offer five rental residential townhome units.

Inner Loop East Site 7 (95-121 Howell Street) - This site was offered for sale via a development RFP in 2023. The selected developer, PathStone Housing Action Corporation, plans to build an energy-efficient four-story building offering 59 affordable residential rental units and 3,380 square feet of first floor commercial space.

Downtown Reinvestment Initiative – In late 2022 the Governor awarded the City of Rochester \$10 million through the State’s Downtown Revitalization Initiative (DRI). The funds will assist five downtown projects that will enhance “community services, walkability, business and housing opportunities.” DRI will result in more than \$91.6 million of public and private investment in the heart of Center City. Six historic buildings will be redeveloped into 125 residential units, a 28-room hotel, food and beverage establishments, and commercial space. Additionally, a parking lot with geothermal wells to provide heating and cooling to at least four buildings and outdoor space for outdoor dining, entertainment, and pedestrian circulation will be created, and construction of a new 76-unit affordable housing development on four vacant lots adjacent to the historic St. Joseph’s Park is set to begin in early 2024.

Restore New York Rounds 4 and 5- The City has been awarded \$7 million through Round 4 and Round 5 of Empire State Development’s Restore New York Communities Initiative. These grants will result in more than \$67.6 million of public and private investment in Rochester’s Center City, with investment focused on key corridors along East Main Street and State Street. Fifteen buildings will be rehabilitated, resulting in approximately 226 residential units and 93,000 square feet of commercial space upon completion. Construction of Center City Place was completed in 2020. This project included the rehabilitation of five buildings, resulting in 34 rental housing units and 14,000 square feet of commercial space on State Street between Allen and Church Streets. The residential units are fully leased. Rehabilitation of the historic Glenny Building, located at 190-194 East Main Street, was completed in 2023, resulting in 25 residential units and 3,500 square feet of commercial space.

Restore New York Round 6 – In December 2022 Empire State Development awarded the City \$5 million through Round 6 of the Restore New York Communities Initiative. This grant will result in \$150.8 million of

public and private investment in Center City, with investment focused around the area benefitting from DRI. The grant award includes the rehabilitation of five buildings, resulting in 391 residential units, 186 of which are affordable, and over 50,000 square feet in retail and office space.

Restore New York Round 7 – In May 2023 Empire State Development awarded the City \$2 million through Round 7 of the Restore New York Communities initiative. This grant will result in \$44.9 million of public and private investment in the rehabilitation of the historic Gannett Building, converting it to mixed-use with 94 residential units, 25,000 square feet of commercial space for retail and restaurants, and 458 storage units.

The Metropolitan - Completed in 1973 as Lincoln First Tower and later rebranded as Chase Tower, The Metropolitan stands as one of the City's tallest skyscrapers, distinguished by its "white fins" and outward curves at the base. Gallina Development is undertaking the \$34.5 million renovation of the former office building into The Metropolitan. The Metropolitan offers a mix of retail, office and residential rental units. The first 16 floors are commercial and include entire floors that are build-to-suit. Floors 17 through 26 offer high-rise residential living space totaling 89 units. Bar Bantam, a popular restaurant occupies the building's lobby. Other commercial tenants include Partners + Napier, ITX Corp., Forsyth, Howe, O'Dwyer, Kalb, & Murphy, P.C., Big Slide Creative, and Datto, a tech firm that is rapidly expanding and growing within the building and creating new jobs.

Erie Harbor Promenade - This \$5.9 million public improvement project, developed in conjunction with the Nathaniel apartment project, completely opened to the public in fall 2019, furthering the City's efforts to improve trail connectivity alongside the Genesee River. The project includes a new riverside trail promenade overlooking the Court Street Dam and a reconstructed Johnson-Seymour Millrace.

Rundel Library North Terrace – The existing terrace on the north side of the historic Rundel Memorial Library building, which is perched on a bridge over the former Erie Canal, is in need of structural repairs. Those repairs will enable the terrace, which is currently closed to the public and had largely been used as a parking lot previously, to be transformed into a dynamic public space programmed with a significant piece of public art. Construction began in spring 2020 and has been completed.

Riverway Main to Andrews West (Charles Carroll Plaza) - Charles Carroll Plaza is located on the west side of the Genesee River generally between Main Street and Andrews Street. Much of the park is built on top of the Crossroads Parking Garage, the roof of which is deteriorating and requires waterproofing and structural repairs. Like Crossroads Park on the east side, Charles Carroll Plaza is in serious need of structural, functional, and aesthetic improvements to revitalize this important riverfront public space. This project will design and construct these needed improvements, creating a more natural, flowing space that is also ADA-compliant and serving as a critical link in the Riverway Trail system. The project will also upgrade the existing Sister Cities Bridge, making it ADA-compliant and bicycle-friendly. Construction began in spring 2020 and construction completion is anticipated in late 2024.

ROC City Skate Park – This Phase I ROC the Riverway project involved the design and construction of a long-awaited downtown skate park. The location is on the east side of the Genesee River, under and adjacent to the Frederick Douglass – Susan B. Anthony Memorial Bridge. The project broke ground in the fall of 2019 and was completed in fall 2020. Design for phase 2 and 3 began in 2021 with anticipated completion in fall 2024. Construction is funded with a grant through NYSDOS and local funds. Construction is anticipated to be complete by the end of 2025. Improvements will include an expansion of the skate park, nearly doubling its size, an event space, site amenities and a restroom / storage / concession building.

West River Wall Improvements – The west wall of the Genesee River has been in a state of disrepair for many years, serving as a community eyesore while also preventing access to the riverfront. Phase 1 of this project, which began construction in fall 2020, will rebuild the west riverfront from Corn Hill Landing to Ford Street, providing a more naturalized shoreline, enhanced Riverway Trail, and a new community plaza. Phase 2, which is currently in Design, will extend these improvements southward from Ford St to the Erie-Lackawanna Rails to Trails Bridge.

Investment in Residential Areas

In addition to investments in business development, the City is devoting the major share of its Community Development Block Grant (CDBG) program to the improvement of residential neighborhoods. According to the

table following, the City has allocated \$375.3 million, or 65% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

Community Development Block Grant/Consolidated Program

(in Millions)

	Allocation <u>Through 06/30/24</u>
Residential neighborhoods	\$375.3
Business development	94.1
Urban renewal completion	26.8
Planning, management and administration	<u>79.7</u>
TOTAL:	<u>\$575.9</u>

Source: Finance Director's Office

Rochester's Consolidated Community Development Program, which began in July, 1975, is a major source of funds for the City's revitalization efforts. The original Community Development Program was established as a result of the Federal Housing and Community Development Act of Consolidated Community Development Program. The amount of the annual grant is determined by a statutory formula that uses several objective measures of community need.

The 2022-23 Program is based upon a citizen participation process that identified needs and priorities and the City's Housing Policy. The Housing Policy guides the allocation of federal and other resources available to the City to address priority housing needs and specific objectives. The goals and policy priorities adopted by the administration also guided the development of the program.

The expected outcomes of the program focus on the provision of decent housing, a suitable living environment and expanded economic opportunities for all citizens.

In support of these goals, the objectives and dollar allocations of the \$13.3 million program are i) promote economic stability, job creation and development by encouraging private investment in neighborhood commercial, service, manufacturing and wholesale activities and improve the accessibility of City residents to existing and newly created economic opportunities (\$634,580), ii) improve the housing stock and general property conditions through rehabilitation, redevelopment and new construction of housing, homeowner assistance, rental market support, housing choice and services to the homeless and those with AIDS, and demolition (\$6,761,872), iii) respond to general community needs by providing and leveraging resources to improve the efficiency, quality and access to existing services with a particular focus on public services and infrastructure improvements (\$2,451,125), and other (\$3,467,097) which includes program delivery management, planning, and other costs and studies.

Some examples of the impact of these investments for last year's 2022-23 program include 60 homebuyers assisted, 453 housing units rehabilitated, 64 new affordable rental housing units created, 23 jobs created/retained, 29 businesses assisted, 2,315 homeless provided services, 159 households including persons with HIV/AIDs received assistance and 67 blighted structures demolished.

LITIGATION

In common with other municipalities, the City from time to time receives notices of claim and is party to litigation. In the opinion of the Corporation Counsel of the City, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the City, would have an adverse material effect on the financial condition of the City.

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

CITY OF ROCHESTER, NEW YORK
Balance Sheet
General Fund

As of June 30:

(000's Omitted)

<u>Assets</u>	<u>2022</u>	<u>2023</u>
Cash and Investments	\$332,549	\$314,749
Receivables:		
Accounts	2,075	2,259
Taxes	15,261	14,701
Due From Other Governments	59,076	58,940
Due From Other Funds	29,554	16,646
Due From Other Component Unit	213	143
Prepaid Expense	0	0
Total Assets	<u>\$438,728</u>	<u>\$407,438</u>
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Liabilities	\$34,414	\$28,165
Due to Other Funds	72,932	74,132
Due to Other Governments	12,347	12,497
Due to Component Units	0	63
Unearned Revenue	207,010	173,473
Total Liabilities	<u>326,703</u>	<u>288,330</u>
 <u>Fund Balances</u>		
Nonspendable	-	-
Restricted	570	56
Committed	54,703	57,874
Assigned	47,924	52,128
Unassigned	8,828	9,050
Total Fund Balances	<u>112,025</u>	<u>119,108</u>
Total Liabilities and Fund Balances	<u><u>\$438,728</u></u>	<u><u>\$407,438</u></u>

Source: Compiled from prior years audited financial reports although this summary, itself, has not been audited.

ROCHESTER CITY SCHOOL DISTRICT
Balance Sheet
General Fund

As of June 30:

<u>Assets</u>	<u>2022</u>	<u>2023</u>
Cash and Cash Equivalents	\$135,971,502	\$239,288,507
Receivables:		
Accounts	1,842,024	3,546,792
Due From Other Funds	35,242,543	65,229,676
Due From Other Governments	105,932,259	25,498,239
Prepayments	17,426,301	18,041,634
Total Assets	<u>\$296,414,629</u>	<u>\$351,604,848</u>
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Liabilities	\$70,673,752	\$56,188,142
Due to Other Funds	24,168,772	37,476,841
Due to Other Governments	7,543,870	6,283,428
Due to Retirement Systems	24,917,337	27,260,698
Unearned Revenues	0	0
Total Liabilities	<u>127,303,731</u>	<u>127,209,109</u>
 <u>Fund Balances (1)</u>		
Nonspendable		
Prepayments	17,426,301	18,041,634
Restricted for		
Debt Service	13,251,301	12,391,647
Scholarships	198,967	200,632
Student funds	19,780	12,341
Flexible spending	587,098	580,701
Committed for		
Insurance Claims	1,000,000	1,000,000
Worker's Compensation	5,000,000	10,000,000
OPEB	27,000,000	27,000,000
Safety and Security	0	5,000,000
Health Insurance	4,625,000	10,000,000
Assigned for		
Capital Local Share	15,500,000	25,500,000
Appropriation for subsequent year's budget	10,000,000	5,000,000
School Food service	0	0
Encumbrances	593,983	411,953
Contract settlements	5,000,000	5,000,000
state loan final payment	8,666,667	30,333,334
Pension stabalization	4,000,000	4,000,000
NYS unemployment insurance stabalization	2,000,000	2,000,000
Judgements and claims	2,000,000	2,000,000
Unassigned	52,241,801	65,923,497
Total Fund Balances	<u>169,110,898</u>	<u>224,395,739</u>
 Total Liabilities and Fund Balances	 <u><u>\$296,414,629</u></u>	 <u><u>\$351,604,848</u></u>

Source: Compiled from prior years audited financial reports although this summary, itself, has not been audited.

CITY OF ROCHESTER, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
(000's Omitted)

Year Ended June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenues</u>					
Real Property Taxes	\$153,646	\$155,683	\$165,852	\$167,899	\$166,812
Sales and other Taxes	183,699	182,517	197,827	222,244	224,997
Departmental Income	24,970	26,366	21,781	21,016	26,121
Use of Money & Property	921	1,106	35	440	8,889
Licenses and Permits	3,783	3,405	3,309	3,350	3,438
Federal Aid	1,233	1,502	4,477	3,849	18,532
State Aid	99,411	81,339	115,894	99,065	98,904
Local Sources and Other	24,685	25,075	24,658	26,580	27,143
Total Revenues	<u>492,348</u>	<u>476,993</u>	<u>533,833</u>	<u>544,443</u>	<u>574,836</u>
<u>Expenditures</u>					
General Government	146,899	144,760	150,047	161,912	171,200
Neighborhood Business Development	6,178	7,249	6,467	7,713	13,094
Environmental Services	21,595	21,991	21,793	23,151	24,908
Police	95,382	97,143	97,740	99,173	109,005
Fire	51,096	51,686	52,672	56,498	59,374
Emergency Communications	13,754	14,351	14,273	14,515	15,321
Recreation & Human Services	9,763	8,838	9,356	10,770	13,128
Transportation	4,210	3,754	3,795	3,913	4,716
Undistributed	—	—	—	—	—
Allocation to School District	119,100	119,100	119,100	119,100	119,100
Debt Service: Principal	16,691	15,363	13,589	11,540	9,864
Interest	3,949	3,625	3,400	2,738	3,292
Administrative Charges	2	1	1	1	0
Total Expenditures	<u>488,619</u>	<u>487,861</u>	<u>492,233</u>	<u>511,024</u>	<u>543,002</u>
Excess of Revenues Over Expenditures	<u>3,729</u>	<u>(10,868)</u>	<u>41,600</u>	<u>33,419</u>	<u>31,834</u>
<u>Other Sources and (Uses)</u>					
Operating Transfers In	19,351	19,522	17,137	17,642	18,742
Operating Transfers Out	<u>(26,343)</u>	<u>(26,015)</u>	<u>(29,900)</u>	<u>(38,604)</u>	<u>(43,493)</u>
Total Other Sources and (Uses)	<u>(6,992)</u>	<u>(6,493)</u>	<u>(12,763)</u>	<u>(20,962)</u>	<u>(24,751)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(3,263)</u>	<u>(17,361)</u>	<u>28,837</u>	<u>12,457</u>	<u>7,083</u>
<u>Fund Balance</u>					
Prior period adjustment			50		
Fund Balance - Beginning of Year	<u>91,305</u>	<u>88,042</u>	<u>70,681</u>	<u>99,568</u>	<u>112,025</u>
Fund Balance - End of Year	<u><u>\$88,042</u></u>	<u><u>\$70,681</u></u>	<u><u>\$99,568</u></u>	<u><u>\$112,025</u></u>	<u><u>\$119,108</u></u>

Source: Compiled from prior years audited financial reports although this summary, itself, has not been audited.

ROCHESTER CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

Year Ended June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenues</u>					
Use of Money & Property	\$437,700	\$223,800	\$282,105	\$323,382	\$5,256,470
charges for services	0	0	0	0	3,167,499
Intergovernmental	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
sale of property and compensation for loss	0	0	0	0	7,085,166
Other	13,456,067	10,512,795	9,790,025	9,707,910	8,056,948
State Sources	618,408,416	677,366,735	599,017,586	636,534,411	669,838,736
Federal Sources	5,174,789	5,263,857	8,730,858	26,626,049	3,397,571
Total Revenues	<u>756,576,972</u>	<u>812,467,187</u>	<u>736,920,574</u>	<u>792,291,752</u>	<u>815,902,390</u>
<u>Expenditures</u>					
Support	73,760,274	67,403,816	66,978,180	75,475,403	59,626,206
Instructional	570,849,051	526,117,915	504,592,032	517,730,407	526,298,701
Transportation	79,537,221	54,814,943	27,788,729	64,416,909	71,412,565
Community Services	746,985	620,956	199,090	358,519	300,864
Debt Service: Principal	366,839	0	0	0	0
Interest	1,196,270	1,638,751	3,428,606	1,074,484	1,197,300
Total Expenditures	<u>726,456,640</u>	<u>650,596,381</u>	<u>602,986,637</u>	<u>659,055,722</u>	<u>658,835,636</u>
Excess of Revenues over Expenditures	<u>30,120,332</u>	<u>161,870,806</u>	<u>133,933,937</u>	<u>133,236,030</u>	<u>157,066,754</u>
<u>Other Sources and (Uses)</u>					
Net premium on debt issuance			1,814,378	0	0
Operating Transfers In	11,373,263	804,135	3,890,822	3,083	0
Operating Transfers Out	(83,943,336)	(87,613,636)	(86,316,186)	(99,966,482)	(101,781,913)
Total Other Sources and (Uses)	<u>(72,570,073)</u>	<u>(86,809,501)</u>	<u>(80,610,986)</u>	<u>(99,963,399)</u>	<u>(101,781,913)</u>
Net Change in Fund Balances	(42,449,741)	75,061,305	53,322,951	33,272,631	55,284,841
<u>Fund Balance</u>					
Prior Period Adjustments	-	-	267,386	0	0
Fund Balance - Beginning of Year	<u>49,636,366</u>	<u>7,186,625</u>	<u>82,247,930</u>	<u>135,838,267</u>	<u>169,110,898</u>
Fund Balance - End of Year	<u>\$7,186,625</u>	<u>\$82,247,930</u>	<u>\$135,838,267</u>	<u>\$169,110,898</u>	<u>\$224,395,739</u>

Source: Compiled from prior years audited financial reports although this summary, itself, has not been audited.

CITY OF ROCHESTER, NY
Summary of Estimated Revenues and Budgetary Appropriations
(Unaudited)

Fiscal Year Ended June 30:	<u>2022-23</u>	<u>2023-24</u>
	<u>Amended Budget</u>	<u>Adopted Budget</u>
<u>Estimated Revenues:</u>		
Real Property Taxes	\$158,488,500	\$159,292,400
Delinquent & Supplemental Taxes	8,362,000	7,868,500
In-Lieu-of-Tax Payments	15,803,000	15,890,300
Interest & Penalties	2,120,000	2,620,000
Sales Tax	187,172,000	197,500,000
Utilities Gross Receipts Tax	7,750,000	8,400,000
Mortgage Tax	2,800,000	3,400,000
Departmental Income	8,458,900	7,616,400
Use of Money & Property	1,190,000	5,352,500
Fines & Forfeitures	4,525,800	4,407,600
Licenses & Permits	3,174,600	3,637,000
Sales of Property and Comp for Loss	3,850,500	3,855,500
Miscellaneous	32,458,100	29,065,000
Intergovernmental - New York State	105,268,100	104,534,700
Intergovernmental - Federal	41,747,150	44,789,300
Intergovernmental - Other	22,804,900	24,389,400
Interfund Revenue & Transfers	<u>(100,552,400)</u>	<u>(101,604,500)</u>
Total General Fund:	505,421,150	521,014,100
 Animal	 2,506,900	 2,628,400
Library	19,005,500	19,624,500
Water	41,411,000	49,378,900
War Memorial	3,446,400	3,253,400
Parking	13,221,100	14,328,800
Cemetery	3,618,300	3,875,700
Public Market	1,914,900	1,978,800
Refuse	30,535,900	32,639,400
Local Works	<u>23,075,900</u>	<u>25,964,100</u>
 Total Estimated Revenues	 <u>\$644,157,050</u>	 <u>\$674,686,100</u>
 <u>Appropriations</u>		
Personnel Expenses	\$434,040,600	\$450,018,500
Material and Supplies	16,690,753	17,130,500
Services	113,047,586	118,246,500
Other	97,615,111	107,037,700
Interfund and Intrafund Credits	<u>(17,237,000)</u>	<u>(17,747,100)</u>
 Total Appropriations	 <u>\$644,157,050</u>	 <u>\$674,686,100</u>

Source: 2022-23 Amended and 2023-24 Adopted Budgets

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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

<https://emma.msrb.org/P21761423-P21352206-P21788392.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. EFPR Group LLP has not been requested by the City to further
review and/or update such Financial Statements or opinion in connection with the
preparation and dissemination of this Official Statement.**