

OFFICIAL STATEMENT

REFUNDING BONDS

Ratings: See “Ratings” herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision, thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “Tax Matters” herein.

The Bonds will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.

CITY SCHOOL DISTRICT OF THE CITY OF KINGSTON ULSTER COUNTY, NEW YORK

\$49,965,000

SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2026 (the “Bonds”)

Dated Date: April 16, 2026

Maturity Date: June 1, 2026-2037

Security and Sources of Payment: The Bonds will constitute general obligations of the City School District of the City of Kingston, Ulster County, New York and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds. All the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds. See “Nature of the Obligations” and “Tax Levy Limitation Law” herein.

Prior Redemption: The Bonds will be not subject to optional redemption prior to maturity, see “Optional Redemption for the Bonds” herein.

Form and Denomination: The Bonds will be issued as registered bonds registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See “Book-Entry-Only System” herein.)

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the bonds will be issued in registered form in denomination of \$5,000 or integral multiples thereof.

Payment: The Bonds payment shall be made in Federal funds to the Beneficial Owners of the Bonds by DTC Participants and Indirect through DTC Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in “street name.” Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. (See “Book-Entry-Only System” herein.)

The Bonds will be dated their date of delivery and will bear interest from that date until maturity at the annual rate or rates as shown on the inside cover page hereof, payable on June 1, 2026, December 1, 2026 and semiannually thereafter on each June 1 and December 1 until maturity. The Bonds will mature on June 1, 2026, and annually on June 1 thereafter until maturity, as shown on the inside cover page hereof.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinion, as to the validity of the Bonds by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is expected that the Bonds will be delivered in New York, New York or otherwise as may be agreed with the purchaser, on or about April 16, 2026.

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

Dated: March 17, 2026

*Preliminary, subject to change.

The Bonds will mature on June 1 in each year, and are subject to optional redemption, as set forth below:

<u>Year</u>	<u>Principal Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP #*</u>	<u>Year</u>	<u>Principal Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP #*</u>
2026	\$505,000				2032	\$4,460,000			
2027	3,970,000				2033	4,575,000			
2028	4,060,000				2034	4,705,000			
2029	4,155,000				2035	4,830,000			
2030	4,255,000				2036	4,970,000			
2031	4,355,000				2037	5,125,000			

* CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District 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.

**The principal amounts of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Bond Sale.

**CITY SCHOOL DISTRICT OF THE CITY OF KINGSTON
ULSTER COUNTY, NEW YORK**

BOARD OF EDUCATION

Marie AndersonPresident
Cathy Collins. Vice President
Marystephanie CorsonesTrustee
Marc RiderTrustee
Herb LambTrustee
Steven SpicerTrustee
Erika Bernabei.....Trustee
Stephanie KearnsTrustee

DISTRICT OFFICIALS

Dr. Paul J. Padalino..... Superintendent of Schools
Sharifa CarbonAssistant Superintendent for Business
Elena Rosado-Kozlowski..... District Treasurer
Karen SeeryDistrict Clerk

INDEPENDENT AUDITORS

**Mengel Metzger Barr & Co
Latham, New York**

BOND COUNSEL

**ORRICK HERRINGTON & SUTCLIFFE, LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier**

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

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OFFICIAL STATEMENT

CITY SCHOOL DISTRICT OF THE CITY OF KINGSTON ULSTER COUNTY, NEW YORK

Relating To

\$49,965,000

SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2026

This Official Statement presents certain information relating to the City School District of the City of Kingston, County of Ulster, in the State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$49,965,000 School District Refunding (Serial) Bonds, 2026 (the "Bonds").

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

All financial and other information presented herein has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of such information is intended to show recent historical data and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience will necessarily continue or be repeated in the future.

THE BONDS

Description of the Bonds

The Bonds are dated their date of delivery and will bear interest from such date until maturity at the annual rate or rates as specified on the inside cover page hereof, payable on June 1, 2026, December 1, 2026 and semiannually thereafter on each June 1 and December 1 until maturity. The Bonds will mature on June 1, 2026, and annually on June 1 thereafter until maturity, as specified on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity. (See "Optional Redemption for the Bonds" herein.)

The Bonds will be issued as registered bonds registered to the Depository Trust Company ("DTC" or the "Securities Depository").

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See "Book-Entry-Only System" herein.)

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the bonds will be issued in registered form in denomination of \$5,000 or integral multiples thereof.

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

*Preliminary, subject to change.

Authority for and the Refunding Plan

The Bonds are issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and pursuant to a refunding bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on February 18, 2026. A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The amount of the Refunded Bonds, set forth below (the “Refunded Bonds”), may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds, and no assurance can be given that any particular maturity thereof will be refunded.

All proceeds of the Refunded Bonds have been previously expended.

The Bonds are being issued to refund \$49,090,000 of the outstanding callable principal of the District’s \$76,000,000 School District Serial Bonds, 2018, which mature on June 1 in the years 2027 to 2037, inclusive (the “Refunded Bonds”). The Refunded Bonds are to be called and redeemed as set forth below.

Maturity	Coupon	Maturity Value	Call Date	Call Price	CUSIP
06/01/2027	3.000%	\$3,825,000	06/15/2026	100.00%	496602 NW9
06/01/2028	3.000%	3,935,000	06/15/2026	100.00%	496602 NX7
06/01/2029	3.000%	4,055,000	06/15/2026	100.00%	496602 NY5
06/01/2030	3.000%	4,175,000	06/15/2026	100.00%	496602 NZ2
06/01/2031	3.000%	4,300,000	06/15/2026	100.00%	496602 PA5
06/01/2032	3.000%	4,430,000	06/15/2026	100.00%	496602 PB3
06/01/2033	3.125%	4,565,000	06/15/2026	100.00%	496602 PC1
06/01/2034	3.125%	4,715,000	06/15/2026	100.00%	496602 PD9
06/01/2035	3.250%	4,865,000	06/15/2026	100.00%	496602 PE7
06/01/2036	3.250%	5,025,000	06/15/2026	100.00%	496602 PF4
06/01/2037	3.250%	<u>5,200,000</u>	06/15/2026	100.00%	496602 PG2
		\$ 49,090,000			

Under current market conditions, the District expects to refund all of the Refunded Bonds as shown above. The net proceeds of the Bonds (after payment of costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of, or obligations guaranteed by, the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the District and the Escrow Contract, to pay the Refunded Bonds on the Call Date listed in the table above.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of, the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the District to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the District. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Proceeds of the Bonds

Sources:

Par Amount of the Bonds
Reoffering Premium

Application:

Deposit to Escrow Deposit Fund
Underwriter’s Discount
Cost of Issuance and Contingency

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Total

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Verification of Mathematical Computations

Causey Public Finance, LLC (“Causey”) will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal of, and interest on the Refunded Bonds. Causey will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

Optional Redemption for the Bonds

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

Nature of Obligation

Each of the Bonds when duly issued and paid for will constitute a contract between the District and the holder thereof.

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

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness).

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor, as amended (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation Notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Book-Entry Only System

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

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

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, 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 District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT

DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

Certificated Obligations

In the event the purchaser elects to receive certificated Bonds or if the District discontinues the use of the book-entry only system through DTC the Bonds will be issued as certificated Bonds.

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

The Bonds will be issued in registered certificated form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds would be payable, upon presentation, at the principal corporate trust office of a fiscal agent bank located and authorized to do business in the State of New York: (i) as selected by the initial purchaser of the Bonds if such purchaser elects to receive certificated Bonds; or (ii) as appointed by the District if the DTC system is discontinued.

MARKET AND RISK FACTORS

There are certain potential risks associated with an investment in the Bonds, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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

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

The financial condition of the District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the District'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 Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the

District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "State Aid" and "Events Affecting New York School Districts" herein).

Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

Cybersecurity

The District, 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 District 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 District invests in various forms of cybersecurity 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 District digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. Complete copies of the proposed forms of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the

adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the respective approving legal opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Bonds, the District will provide an executed copy of its undertaking to provide continuing disclosure certificate (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Bonds. In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement anticipated to be dated March 25, 2026 of the District relating to the Bonds in Appendix A under the headings "THE DISTRICT", "FINANCIAL FACTORS", "REAL PROPERTY TAXES", "TAX MATTERS", "DISTRICT INDEBTEDNESS", and "LITIGATION", and Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2026, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2026; such audit (prepared in accordance with the accounting principles the District may be required to employ pursuant to State law or regulation), if any,

will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(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 District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a “financial obligation” (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the District, if any such event reflects financial difficulties.

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

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

With respect to event (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 District 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 District, 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 District.

With respect to events (xv) and (xvi) above, the term “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). 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 District 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 District 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, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12") 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 District, 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 District to comply with the Undertaking will not constitute a default with respect to the Bonds.

The District 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 consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12, as amended.

Prior Disclosure History

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

RATING

Moody's Investors Service, Inc. ("Moody's") assigned an uninsured rating of "A1" to the District's long-term debt obligations of the District, including the Bonds.

Such rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the ratings. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of the rating agency circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District management’s beliefs as well as assumptions made by, and information currently available to the District’s 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 District’s files with the MSRB. When used in District documents or oral presentations, the words “anticipate,” “believe,” “intend,” “plan,” “foresee,” “likely,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” “will,” or “should,” or similar words or phrases are intended to identify forward-looking statements.

To the extent 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 holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, 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, the District 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 the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Information pertaining to the Final Official Statement may be obtained upon request after the date of the Final Official Statement from Capital Markets Advisors, LLC, Orchard Park, New York 14127, telephone (716) 662-3910; fax (716) 662-6684 or www.capmark.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education and Chief Financial Officer of the District on behalf thereof.

ADDITIONAL INFORMATION

Additional information may be obtained from Sharifa Carbon, Assistant Superintendent for Business, 21 Wynkoop Place, Kingston, NY 12401, (845) 943-3040, e-mail: scarbon@kingstoncityschools.org or from the District’s Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements

will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds.

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 District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District 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 District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

CITY SCHOOL DISTRICT OF THE CITY OF
KINGSTON ULSTER COUNTY, NEW YORK

By: /s/ Marie Anderson
Marie Anderson
President of the Board of Education and
Chief Fiscal Officer

DATED: March 17, 2026

APPENDIX A

THE DISTRICT

General Information

The District, with an area of 75 square miles and centers around the City of Kingston, is located on the west bank of the Hudson River approximately 90 miles north of New York City and 50 miles south of Albany. The District includes the entire City of Kingston, all or major parts of the Towns of Esopus, Kingston and Ulster, almost 60% of the Town of Rosendale, over 40% of the Town of Hurley and small to minor parts of the Towns of Marbletown, New Paltz, Saugerties and Woodstock.

The City of Kingston, comprising approximately 33% of the District on a full valuation basis, is the county seat of Ulster County and the commercial, industrial and shipping center for the surrounding farming and apple producing area. The Kingston-Rhinecliff Hudson River Bridge extends Kingston's trading area to include sections on the east bank of the Hudson River.

The District is situated in the foothills of the Catskill Mountains, one of New York's year-round recreational areas. Residents have access to the hotels and resorts located in this region. The "Esopus," a trout fishing stream, traverses the District and provides sportsmen with fresh water fishing. Hunters find deer, bear, partridge and pheasant in the area. Winter sports facilities are also available.

Transportation, including deep tide-water ports, railroads and highways such as the New York Thruway and Route 9W, places Kingston in a position to supply the markets of northeastern United States.

District Organization

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the School District Clerk, the District Treasurer, the School District Attorney and the Deputy Superintendent for Human Resources and Business.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Deputy Superintendent for Human Resources and Business and the District Clerk.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors.

Pursuant to the Education Law, the District's Board of Education generally prepares or causes to be prepared a budget for the ensuing fiscal year. The budget, effective for fiscal years beginning on or after July 1, 1998, must consist of three parts: program, administration and capital. During November and December, the tentative budget is developed and refined in consultation with school administrators. At the March and April meetings of the Board of Education,

the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its April meeting and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Residents of the District who are qualified to vote may participate in the referendum. Prior to the Annual Meeting a public hearing on the proposed budget is held.

The District’s budget is subject to the provisions of Chapter 97 of the Laws of 2011, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. See “Tax Levy Limitation Law,” herein for a further discussion regarding the budget vote, revoke, contingency budget and the tax cap.

The voters approved the District’s 2025-26 budget on May 20, 2025.

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2023-2024	6,358	2026-2027	5,875
2024-2025	6,007	2027-2028	5,750
2025-2026	5,887	2028-2029	5,745

Source: District Officials.

District Facilities

The District currently operates the following school facilities; statistics relating to each are shown below.

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>
Kingston High School	9-12	2,632
J. Watson Bailey Middle School	5-8	939
M. Clifford Miller Middle School	5-8	1,104
Chambers	K-4	513
Edward R. Crosby	K-4	618
Harry L. Edson	K-4	533
Robert R. Graves	K-4	540
George Washington	K-4	679
J.F. Kennedy	K-4	429
Ernest C. Myer	K-4	447
Frank Meagher	K-4	108
Anna Devine	CLOSED	432

Source: District Officials.

Employees

The total number of persons employed by the District is approximately 1,286 (1,182 full-time and 104 part-time). These employees are represented by the following organizations.

<u>Number Of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
695	Kingston Teachers Federation	6/30/2029
29	Administrative and Supervisory Personnel Association	6/30/2028
155	CSEA (96 full-time and 48 part-time)	6/30/2027
371	Educational Support Personnel (299 full-time and 53 part-time)	6/30/2026*
36	Non-aligned Personnel	N/A

Source: District Officials.

*Currently in negotiations

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired after the particular dates specified in the statutes establishing Tier V and Tier VI, respectively.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate for 2023-24 was 13.1%. The 2024-25 ERS increased to 15.2%. The 2024-25 TRS rate is 10.0%. The 2025-26 ERS is estimated to be 16.5%. The 2025-26 TRS is estimated to be 9.6%.

In recent years, due to prior poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-09 recession, New York State Comptroller Thomas DiNapoli announced that the employer contribution rates for required pension contributions to the SRS would continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. Under such legislation, local governments and school districts that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases. The District did not opt into the pension amortization plan.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. The reform legislation also required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would otherwise make a lower contribution possible.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help

mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below.

The TRS SCO deferral plan is available to school districts for a total of seven years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not and does not reasonably expect to participate in the ERS or TRS SCO program.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time. See “Market Factors” and “State Aid and COVID-19” herein for further detail.

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

ERS. The District’s contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the last five fiscal years ended June 30 and the amount budgeted for the current fiscal year are as follows:

Year	ERS	TRS
2021	\$1,757,820	\$6,348,876
2022	1,864,439	6,348,876
2023	1,381,357	7,018,267
2024	1,898,101	9,044,708
2025	2,270,087	7,842,580
2026 (Budget)	2,455,425	8,300,000

Source: Audited Financial Statements and Office of the State Comptroller. The summary itself is not audited.

Other Post Employment Benefits

The State’s 2019-2020 enacted budget legislation, which was signed into law on April 12, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total

compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund.

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially, and may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Effective July 1, 2016, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

Legislation has been introduced from time to time to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The District cannot predict whether such legislation will be enacted into law in the foreseeable future.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District's June 30, 2025 Financial Audit attached herein. The following table summarizes the District's annual OPEB statements for the year ended June 30, 2025:

Changes in the Total OPEB Liability	Total OPEB Liability
Balance as of June 30, 2024	<u>\$578,731,577</u>
Changes for the year:	
Service cost	18,751,176
Interest	24,730,231
Changes in benefit terms	(165,485)
Differences between expected and actual experience	13,462,104
Changes of assumptions or other inputs	(52,481,886)
Benefit payments	<u>(20,342,386)</u>
Net changes	\$(16,046,246)
Balance as of June 30, 2025	<u>\$562,685,331</u>

Investment Policy

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

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

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

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

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

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2024 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund” in Appendix B, herein). Chapter 97 of the Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. See “Tax Levy Limitation Law,” herein.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years, and real property tax revenues budgeted for the current fiscal year.

Fiscal Year	<u>Property Taxes</u>		
	General Fund Revenues	Real Property Taxes and Tax Items	Real Property Taxes and Tax Items to Revenues
2021	\$185,747,394	\$109,789,468	59.1%
2022	192,515,800	112,633,855	58.5%
2023	207,787,367	115,077,985	55.4%
2024	218,541,017	116,358,761	53.2%
2025	225,115,078	118,791,704	52.8%
2026 (<i>Budget</i>)	249,522,500	125,791,600	50.4%

Source: Audited Financial Statements and Adopted Budget. Table itself is not audited.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years, and the amount budgeted for the current fiscal year.

Fiscal Year	<u>State Aid</u>		
	General Fund Revenues	State Aid	State Aid to Revenue
2021	185,747,394	69,495,051	37.4%
2022	192,515,800	74,137,684	38.5%
2023	207,787,367	85,851,265	41.3%
2024	218,541,017	95,601,147	43.7%
2025	225,115,078	99,821,563	44.3%
2026 (<i>Budget</i>)	249,522,500	104,843,300	42.0%

Source: Audited Financial Statements and Adopted Budget. Table itself is not audited.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measures; however, the State may be required to implement gap closing measures in the future in response to the impact that the COVID-19 pandemic has had on the State’s finances. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the

timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's 2023-24 Enacted Budget was adopted on May 2, 2023, which was later than in most recent years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Source: NYS Dept. Of Education

Events Affecting New York School Districts

The recent history of state aid to school districts in the State for the last five years is as follows:

School district fiscal year (2021-22): The State budget included large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten provided funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provided that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid was increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s.

School district fiscal year (2022-23): The Governor's Enacted budget provided \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase), This is the second year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continued the expansion of full-day prekindergarten that provided funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year, and increase of 13%. The Budget also included \$451 million increase in all other School Aid programs.

School district fiscal year (2023-24): The Governor's Enacted State budget provided \$34.5 billion in School Aid for the 2023-24 fiscal year, an increase of \$3.1 billion (10.0 percent). Foundation Aid is increased by \$2.7 billion (12.8 percent), This is the third year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continued the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$1.2 million from the 2022-23 fiscal year. The total funding for the Universal Pre-Kindergarten included \$25 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2024-25): The Governor's Enacted State budget provides \$35.9 billion in School Aid, an increase of \$1.3 billion, including \$24.9 billion in Foundation Aid for the 2024-25 fiscal year. Governor Hochul is lowering the inflation factor from 3.4 percent to 2.8 percent in the formula to right-size funding for the 2024-25 school year. The Budget also commissions a Rockefeller Institute study to examine the Foundation Aid formula to prepare for changes next year.

School district fiscal year (2025-26): On January 21, 2025, Governor Hochul released her 2025 - 2026 Executive Budget. The Executive Budget provides for a total of \$37.4 billion in school aid, with \$26.4 billion being in foundation aid (a 5.9% increase from last year), \$3.3 billion in building aid, \$2.7 billion in transportation aid, and \$1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year). A final budget was passed by New York State on May 8, 2025. The enacted budget includes a \$37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula and its ensuing calculations pertain to districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount.

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high-need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a \$1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense-based type of aid. The Executive Budget allocates \$3.3 billion in building aid for the 2025 school year.

The State budget for the 2025-26 fiscal year provides \$105.08 million of State Aid to the District, a 3.52% decrease from the District's 2024-25 fiscal year in an amount of \$1,350,382.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$505,757 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District is dependent to a substantial degree on financial assistance from the State 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2025-26 fiscal years. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and

municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report, for 2024, of the State Comptroller designates the District as "No Designation," with a fiscal score of 0.0% and an environmental score of 36.7%
(See <https://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>)

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

New York State Comptroller's Audit

Many school districts throughout the state can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On December 15, 2017, OSC, Division of Local Government and School Accountability released an audit of the District to determine whether the District's fixed assets were properly recorded and accounted for during the period July 1, 2016 through July 30, 2017. The audit found that the assets were not tagged as District property, new assets were not added to the inventory list, and the contractor-generated asset list did not correspond to the Districts Information Technology (IT) Department's asset list. The OSC recommends the District ensure that all fixed assets above established thresholds have a tag affixed identifying them as District property, new assets are added to the inventory software, and to review and compare the contract-generated asset list with the IT list to ensure the District has a complete and accurate inventory of computers.
(See <https://www.osc.state.ny.us/files/local-government/audits/pdf/lgsa-audit-school-2017-kingston.pdf>)

The OSC has not conducted any other audits of the District in the past 5 years. No Audits are presently in progress or recently completed.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

Independent Audits

The District retained the firm of Marvin and Company, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2025. Appendix B, attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

REAL PROPERTY TAXES

Assessed and Full Valuations

The City Assessor maintains the assessment records and prepares the annual assessment roll for the District. The following table sets forth the assessed and full valuation of taxable property, rates of tax per \$1,000 assessed valuation, and the District's real property tax levy for the five most recent fiscal years.

**Assessed and Full Valuation
Based on Regular Equalization Rates
Fiscal Years Ending June 30:**

Roll Year Fiscal Year	2021 2021-22	2022 2022-23	2023 2023-24	2024 2024-25	2025 2025-26
<u>Assessed Values:</u>					
City of Kingston	\$1,671,436,263	\$1,676,656,213	\$1,685,084,261	\$1,687,063,576	\$1,689,009,392
Town of Esopus	694,800,456	702,502,668	705,121,312	708,054,034	713,035,179
Town of Hurley	281,670,254	284,727,155	287,444,995	496,193,768	497,295,253
Town of Kingston	78,789,008	80,286,328	82,446,524	82,190,288	82,803,477
Town of Marbletown	1,428,539	1,544,918	1,686,779	1,750,187	1,750,157
Town of New Paltz	2,361,170	2,355,557	2,352,649	2,357,590	2,370,599
Town of Rosendale	309,677,010	311,924,886	309,345,071	309,503,910	312,989,530
Town of Saugerties	9,904,828	12,190,201	14,743,977	16,392,065	17,033,638
Town of Ulster	923,388,530	916,506,183	913,298,826	912,621,984	945,217,278
Town of Woodstock	209,343,128	209,846,177	211,921,795	211,877,676	213,214,927
Total Assessed Values	\$4,182,799,186	\$4,198,540,286	\$4,213,446,189	\$4,428,005,078	\$4,474,719,430
<u>Equalization Rates:</u>					
City of Kingston	81.00%	70.00%	61.00%	57.00%	47.00%
Town of Esopus	83.00%	70.00%	62.00%	59.00%	51.00%
Town of Hurley	96.50%	76.40%	64.40%	100.00%	91.30%
Town of Kingston	77.00%	68.00%	60.00%	56.00%	42.00%
Town of Marbletown	93.00%	70.00%	61.00%	56.00%	52.00%
Town of New Paltz	86.00%	76.00%	66.00%	63.00%	58.00%
Town of Rosendale	93.00%	74.00%	65.00%	63.00%	56.00%
Town of Saugerties	100.00%	100.00%	100.00%	100.00%	100.00%
Town of Ulster	63.50%	55.00%	50.00%	47.00%	41.00%
Town of Woodstock	80.50%	61.00%	46.50%	46.50%	47.00%
<u>Full Values:</u>					
City of Kingston	\$2,063,501,559	\$2,395,223,161	\$2,762,433,215	\$2,959,760,660	\$3,593,637,004
Town of Esopus	837,108,983	1,003,575,240	1,137,292,439	1,200,091,583	1,398,108,194
Town of Hurley	291,886,274	372,679,522	446,343,160	496,193,768	544,682,643
Town of Kingston	102,323,387	118,068,129	137,410,873	146,768,371	197,151,136
Town of Marbletown	1,536,063	2,207,026	2,765,211	3,125,334	3,365,687
Town of New Paltz	2,745,547	3,099,417	3,564,620	3,742,206	4,087,240
Town of Rosendale	332,986,032	421,520,116	475,915,494	491,276,048	558,909,875
Town of Saugerties	9,904,828	12,190,201	14,743,977	16,392,065	17,033,638
Town of Ulster	1,454,155,165	1,666,374,878	1,826,597,652	1,941,748,902	2,305,407,995
Town of Woodstock	260,053,575	344,010,126	455,745,796	455,650,916	453,648,781
Total Full Values	\$5,356,201,414	\$6,338,947,818	\$7,262,812,436	\$7,714,749,853	\$9,076,032,192

Source: District Officials and the State Office of Real Property Tax Services (the "ORPTS.")

**Real Property Tax Rates
Fiscal Years Ending June 30:**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax Levy (1)	\$97,470,096	\$99,718,405	\$100,338,637	\$107,568,913	\$112,069,338
Uncollected	7,926,781	8,024,144	6,598,991	7,615,840	7,245,075
% Uncollected when due	8.13%	8.05%	6.58%	7.08%	6.46%

(1) Exclusive of STAR.

Source: Tax Warrants and District officials.

Tax Rates (1)	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
City of Kingston	21.92/32.20	22.09/32.83	22.88/34.13	23.83/35.37	26.19/39.46
Towns of:					
Esopus	21.59/28.02	22.33/28.85	22.81/28.99	23.39/29.33	24.48/30.68
Hurley	18.74/24.14	20.62/26.51	22.00/27.76	13.73/17.42	13.66/16.93
Kingston	23.09/31.15	22.76/30.69	23.22/30.85	24.29/31.92	29.30/38.50
Marbletown	18.79/24.62	21.79/28.46	22.57/28.74	23.94/30.18	23.43/29.44
New Paltz	20.31/36.17	20.07/35.81	20.86/36.80	21.28/36.92	21.21/36.39
Rosendale	19.31/24.62	21.10/26.96	21.59/27.32	21.72/27.15	22.19/27.63
Saugerties	18.08/22.66	15.64/19.71	14.06/17.54	13.68/16.90	12.50/15.30
Ulster	28.06/38.34	28.20/38.54	28.02/37.92	29.02/39.09	30.17/39.01
Woodstock	22/28.33	25.33/32.53	29.98/37.96	29.18/36.59	26.17/32.78

(1) Homestead/Non-Homestead. Does not include library tax.

Source: Tax Warrants.

Tax Collection Procedures

The District has its own tax collector who collects the taxes for the entire District. Taxes are due in two equal installments with the first half payable without penalty by October 15 and the second half payable without penalty by December 15. The State Commissioner of Taxation and Finance will annually determine the rate of interest to be charged for late payments. Early in January, the uncollected portions are returned to the City and County as applicable. Section 1332 of the Real Property Tax Law states that the City and County enforcement officers shall proceed to enforce such unpaid taxes in the same manner as though they were unpaid City and County taxes, with 5% of the principal and interest added thereto. The respective tax enforcement officers will pay to the District all monies realized from the collection of unpaid taxes, including interest, less the amount of 5% added thereto. If the City or county bids in on any property, the District shall receive the amount of unpaid taxes due, plus interest, less the 5% added thereto.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

For the 2025-26 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Kingston	\$57,940	\$20,190
Date Certified: 04/10/2025		

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When a school district initially calculates their tax bills, for each municipal segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceeded the maximum, the school district will use the maximum when calculating tax bills for the segment. The maximum savings for District during the 2025-26 fiscal year is as follows:

	Basic Maximum <u>Savings</u>	Enhanced Maximum <u>Savings</u>
City of Kingston	\$749	\$2,024
Date Certified: 04/11/2025		

The District expects to receive full reimbursement of such exempt taxes from the State during the current fiscal year.

Ten of the Largest Taxpayers

2025-26 Tax Year

Name	Type	Assessed Valuations ⁽¹⁾	Percentage of Total Assessed Valuation
Central Hudson Corp G & E	Utility	\$177,488,022	3.97%
UH US Hudson Valley 2019	Shopping Center	26,855,000	0.60%
CXS Transportation	Ceiling Railroad	25,501,916	0.57%
300 Grant Avenue	Commercial	16,684,300	0.37%
Kingston Mall, LLC	Shopping Center	15,363,150	0.34%
Agree Central	Commercial	11,862,757	0.27%
Herzog Supply Company	Shopping Center	11,258,000	0.25%
Kingston Workforce HDFC	Apartment Complex	9,999,000	0.22%
Ulster NH Realty LLC	Shopping Center	9,930,000	0.22%
Kingston Real Estate LLC	Shopping Center	<u>9,592,000</u>	<u>0.21%</u>
		<u>\$314,534,145</u>	<u>7.03%</u>

(1) The District's total assessed value is \$4,474,719,430 for fiscal year 2025-26.

(2) Included in outstanding Tax certiorari lawsuits.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the periods of probable usefulness of the objects or purposes determined by statute or the weighted average period of probable usefulness thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District 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, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The law also provides a procedural method to override that limitation. (See “Tax Levy Limitation Law” herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications of such project have been approved by the Commissioner of Education of the State.

The Local Finance Law (“LFL”) also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Notes.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes, to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$907,603,219. This is calculated by taking 10% of the current full value of the taxable real property of the District.

	<u>Amount</u>
Total Full Valuation of Taxable Real Property	\$9,076,032,192
Debt Limit (10% of Full Valuation)	\$907,603,219
Gross Indebtedness:	
Serial Bonds	\$89,285,000
Bond Anticipation Notes	<u>52,076,785</u>
Gross Indebtedness	<u>\$141,361,785</u>
Exclusions and Deductions ⁽²⁾	<u>0</u>
Net Indebtedness	<u>\$141,361,785</u>
Net Debt Contracting Margin	<u>\$766,241,434</u>
Percentage of Margin Exhausted	<u>15.58%</u>

(1) The District has energy performance contracts outstanding in the amount of \$4,674,153 as of June 30, 2025 which are not included in computation of the debt contracting margin of the District. See “Energy Performance Contract”, herein.

(2) The District estimates that it will receive State aid on a portion of all debt issued for school building improvements pursuant to Section 121.20 of Local Finance Law. The District has no reason to believe that it will not ultimately receive all of the school building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to outstanding bonds and bond anticipation notes. However, as a matter of information, State Aid for buildings purposes is currently estimated by District officials at 69.6%.

Source: District Officials.

Short-Term Indebtedness

Pursuant to the Local Finance Law, the District is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

Capital Purposes. Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted. Generally, bond anticipation notes are issued in anticipation of the sale of bonds at some future date and may be renewed from time to time for up to five years from the date of issuance. Such notes may not be renewed after the second year unless a legally sufficient principal payment on such notes is made from a source other than the proceeds of bonds or bond anticipation notes. In no event may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

Operating Purposes. The District may also issue tax anticipation notes and revenue anticipation notes to provide cash to finance cash flow deficits. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Internal Revenue Code of 1986 (the “Code”) and the Regulations there under. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes. The District has not issued revenue anticipation notes since 1991. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year. The District has not issued budget notes during the past five fiscal years.

Bond Anticipation Notes. The District has \$49,100,000 and \$2,976,785 Bond Anticipation Notes outstanding, maturing on June 30, 2026 and July 2, 2026, respectively.

Tax Anticipation Notes. In common with other school districts in the State, the District periodically borrows in anticipation of the receipt of its real property tax levy. In the past, the District has paid all notes on their due date and such notes have been paid by the end of the fiscal year. The District has not issued tax anticipation notes in the last five fiscal years nor does it plan on issuing any in 2025-26.

Energy Performance Contract

The District has two Energy Performance Contracts financings outstanding. The Energy Performance Contract issued in 2012 has \$889,462 outstanding as of June 30, 2025. Payments totaling \$459,503 are due each year through 2027. The Energy Performance Contract issued in 2024 has \$3,784,691 outstanding as of June 30, 2025. Payments totaling \$376,888 are due each year through 2039. Such financings do not constitute general obligation debt but does count towards the debt limit.

Trend of Capital Indebtedness

The following table sets forth the amount of bonded indebtedness outstanding at the end of the last five completed fiscal years.

	<u>Fiscal Year Ended June 30:</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$71,395,000	\$105,675,000	\$98,935,000	\$95,635,000	\$89,525,000
Bond Anticipation Notes	<u>42,000,000</u>	<u>0</u>	<u>4,000,000</u>	<u>0</u>	<u>49,100,000</u>
Total Outstanding Indebtedness	<u>\$113,395,000</u>	<u>\$105,675,000</u>	<u>\$102,935,000</u>	<u>\$95,635,000</u>	<u>\$138,625,000</u>

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values.

The following table represents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness
As of March 17, 2026**

Gross Direct Indebtedness	\$141,361,785
Exclusions and Deductions	<u>0</u>
Net Direct Indebtedness	<u>\$141,361,785</u>

Overlapping Units	Date of Report	Net Indebtedness	Percent Applicable	Applicable Net Indebtedness
Counties:				
Ulster County	11/21/25	\$147,484,440	40.23%	\$59,332,990
Cities:				
City of Kingston	07/21/25	73,108,740	100.00%	73,108,740
Towns:				
Esopus	12/31/24	2,020,597	83.17%	1,680,531
Hurley	12/31/24	100,000	32.27%	32,270
Kingston	12/31/24	135,000	100.00%	135,000
Marbletown	12/31/24	1,500,000	0.16%	2,400
New Paltz	09/09/25	11,771,312	0.20%	23,543
Rosendale	12/31/24	6,457,231	54.96%	3,548,894
Saugerties	06/26/25	4,083,350	0.49%	20,008
Ulster	12.31/24	3,015,000	93.42%	2,816,613
Woodstock	06/17/25	3,885,000	14.78%	574,203
Fire Districts	12/31/23	4,190,477	100.00%	<u>4,190,477</u>
Total				<u>\$145,465,669</u>

Debt Ratios

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

	Debt Per Amount	Debt Per Capita ^(a)	Debt to Full Value ^(b)
Net Direct Debt	\$141,361,785	\$2,857	1.60%
Net Direct and Overlapping Debt	\$290,931,338	\$5,714	3.21%

(a) The District's population is 50,919 according to 2015 estimated census information.

(b) The District's full value of taxable real property bases on full equalization rates for 2025-26 is \$9,076,032,192.

Authorized and Unissued Debt

The District has \$12,696,093 of authorized but unissued debt for the Kingston High School Campus Project authorized on October 21, 2013 and March 8, 2018 in an amount of \$137,500,000 and \$11,000,000, respectively. The District expects completion of this project over the next several years. The following amounts have been borrowed against this resolution to date: \$8,286,093 in June 2014, \$6,000,000 in June 2015, \$24,517,814 in June 2016; \$20,000,000 in January 2017, \$27,000,000 in June 2017, \$22,000,000 in November 2019, \$20,000,000 in November 2020, \$4,000,000 in October 2021, \$4,000,000 in April 2023.

On January 19, 2022, the Board of Education adopted a bond resolution authorizing the issuance of bonds in the amount of \$11,846,391 to finance a District's share of the cost of a certain capital project to be undertaken by the

Ulster County Board of Cooperative Educational Services (“BOCES”). The District has \$2,794,533 authorized and unissued, which the District expects to borrow in July 2026.

On May 16, 2023, the qualified voters of the District authorized a \$152.5 million in serial bonds for a District-wide Capital Improvements Project. The District borrowed \$49,100,000 against this authorization. The District expects to borrow the remaining authorization over the next three years.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness as of March 17, 2026.

Schedule of Debt Service Requirements

Year Ending June 30:	Outstanding Indebtedness		
	Principal Payments	Interest Payments	Total Debt Service
2026	\$6,095,000	\$1,406,838	\$7,501,838
2027	6,325,000	2,583,125	8,908,125
2028	6,560,000	2,343,375	8,903,375
2029	6,810,000	2,094,075	8,904,075
2030	7,065,000	1,834,675	8,899,675
2031	7,315,000	1,591,625	8,906,625
2032	7,535,000	1,367,475	8,902,475
2033	7,740,000	1,165,125	8,905,125
2034	7,955,000	953,869	8,908,869
2035	8,180,000	736,425	8,916,425
2036	8,410,000	506,413	8,916,413
2037	8,660,000	269,600	8,929,600
2038	310,000	25,400	335,400
2039	325,000	13,000	338,000
Totals	\$89,285,000	\$16,891,020	\$106,176,020

ECONOMIC AND DEMOGRAPHIC DATA

Population

The estimated population of the District is 50,919 according to the US Census Bureau estimate in 2015. The following table includes population trends for the City, which is contiguous with the District, the County and the State, based upon census data.

	<u>Population</u>		
	<u>2010</u>	<u>2020</u>	<u>% Change</u>
City	23,893	22,793	(4.8)%
County	182,493	181,851	(0.4)%
State	19,378,102	20,201,249	4.3%

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

Employment

The following tables provide information concerning employment and unemployment in the County and the State and are not necessarily representative of the District.

Average Employed Civilian Labor Force

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
County	82.9	84.6	85.6	87.6	87.6
State	8,857.0	9,178.6	9,307.0	9,834.6	9,903.9

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2021	4.7%	4.3%
2022	3.2%	4.2%
2023	3.4%	4.3%
2024	3.6%	4.3%
2025	3.6%	4.3%

Source: New York State Department of Labor and U.S. Bureau of Labor Statistics.

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
January 2025	4.0%	4.6%
February	4.3%	4.3%
March	3.8%	4.1%
April	2.9%	3.7%
May	2.9%	3.5%
June	3.2%	3.8%
July	3.7%	4.6%
August	4.0%	4.7%
September	3.8%	4.7%
November	3.6%	4.5%
December	3.5%	4.4%

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

**Major Employers in Ulster County
(250 or more employees)**

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>City</u>
County of Ulster	A	Government	Kingston
Health Alliance of the Hudson Valley	A	Health Services	Kingston/New Paltz
Kingston Consolidated School District	A	Educational Services	Kingston
State Correctional Facilities	A	Correctional Services	Wallkill/Napanoch
SUNY New Paltz	A	Educational Services	New Paltz
Mohonk Mountain House	B	Resort/Hotel	New Paltz
SUNY Ulster	B	Educational Services	Stone Ridge
Wal-Mart	B	Retail - All	Kingston
BOCES	C	Educational Services	New Paltz/Port Ewen
City of Kingston	C	Government	Kingston
Hannaford	C	Retail - Grocery	Kingston (2)/Highland/Plattekill
Hudson Valley Resort & Spa	C	Resort/Hotel	Kerhonkson
Northeast Center for Special Care	C	Health Services	Lake Katrine
Ten Broeck Commons	C	Health Services	Lake Katrine
Honors Haven	C	Resort/Hotel	Ellenville
Ulster Savings	C	Finance/Insurance	Kingston

A - Greater than 1,000 employees.

B - 500-999 employees.

C - 250-499 employees.

Source: City School District of the City of Kingston.

LITIGATION

General. In common with other school districts, the District from time to time receives various notices of claim and is a party to litigation. In the opinion of legal counsel to the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, including the Child Victims Act cases set forth below, would have an adverse material effect on the financial condition of the District.

Two Child Victims Act cases have been brought against the District. One of the cases has a Motion for Summary Judgment pending. The other case has been stayed as a result of the Boy Scouts' bankruptcy proceeding. The potential liability cannot be determined at this time. There will be no adverse materials effect on the financial condition of the District inasmuch as should one or more of the plaintiffs be successful in the cases, a portion of the liability should be funded through insurance and the remainder may be funded either through budgetary appropriations or the issuance of obligations.

Tax Certiorari Claims. The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally, tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

It is not possible to estimate the outcome of all pending tax certiorari cases. Tax certiorari claims are frequently settled for amounts substantially less than the original claims. In addition, settlements sometimes provide for reduced assessments in future years rather than a refund of taxes previously paid. The District maintains a tax certiorari reserve which had a balance of \$2,317,401 at June 30, 2025. Pursuant to State law, the District has designated its tax certiorari reserve for the settlement of specific claims including certain large items. At a minimum, the District must redesignate this reserve every three years otherwise moneys therein revert to the District's general fund. The District may also finance tax settlements by issuing debt pursuant to provisions set forth in the Education Law and Local Finance Law.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

KINGSTON CITY SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET

	<u>2024</u>	<u>2025</u>
ASSETS		
Unrestricted Cash	\$13,393,219	\$8,585,618
Restricted Cash	21,323,432	18,443,860
Investments	6,083,424	1,034,377
Restricted Investments	9,620,776	11,685,234
Due From Other Funds	5,998,902	6,605,771
Other receivables	13,286,458	13,017,923
Prepaid Items	-	500
Total Assets	<u>\$69,706,211</u>	<u>\$59,373,283</u>
 LIABILITIES		
Accounts Payable	7,204,142	4,511,519
Accrued Liabilities	454,078	220,033
Due to other funds	1,400,000	-
Due to other governments	-	3,249
Due to Teachers Retirement System	9,044,708	9,786,107
Due to Employees' Retirement System	548,061	651,206
Compensated absences	242,016	405,618
Total Liabilities	<u>18,893,005</u>	<u>15,577,732</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows	4,547,332	4,730,029
Total Deferred Inflows of Resources	<u>4,547,332</u>	<u>4,730,029</u>
 FUND BALANCES		
Non-spendable	0	500
Restricted	30,944,208	30,129,094
Assigned	6,052,970	5,908,912
Unassigned	9,268,696	3,027,016
Total Fund Balance	<u>46,265,874</u>	<u>39,065,522</u>
 Total Liabilities and Fund Balances	<u>\$69,706,211</u>	<u>\$59,373,283</u>

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

KINGSTON CITY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$99,582,434	\$112,633,855	\$115,077,985	\$116,358,761	\$118,791,704
Other Tax Items	10,207,034	0	0	0	0
Charges for Services	362,023	511,373	529,559	312,278	549,811
Use of Money & Property	128,908	137,543	3,045,919	3,975,550	3,088,984
Sale of Property & Compensation for Loss	994	0	1,328	3,148	1,000
Miscellaneous	3,777,331	4,904,454	3,115,116	2,224,556	2,356,259
State Aid	69,495,051	74,137,684	85,851,265	95,601,147	99,821,563
Federal Sources	2,193,619	190,891	166,195	65,577	505,757
Total Revenues	<u>185,747,394</u>	<u>192,515,800</u>	<u>207,787,367</u>	<u>218,541,017</u>	<u>225,115,078</u>
Expenditures:					
General Support	12,439,019	14,068,971	17,174,450	14,686,031	17,816,091
Instruction	97,202,116	100,349,006	103,673,084	117,596,432	124,991,405
Pupil Transportation	9,121,235	8,861,719	11,493,456	11,909,997	17,798,037
Employee Benefits	53,408,278	52,342,710	55,777,237	62,101,404	65,122,299
Debt Service	7,859,835	12,007,810	11,098,523	11,404,807	10,247,193
Total Expenditures	<u>180,030,483</u>	<u>187,630,216</u>	<u>199,216,750</u>	<u>217,698,671</u>	<u>235,975,025</u>
Excess of Revenues over Expenditures	5,716,911	4,885,584	8,570,617	842,346	(10,859,947)
Other Uses:					
Interfund Transfers In	875,052	0	578,016	145,297	4,592,131
Operating Transfers Out	(3,401,176)	(3,402,196)	(753,670)	(10,742,327)	(932,536)
Total Other Uses:	<u>(2,526,124)</u>	<u>(3,402,196)</u>	<u>(175,654)</u>	<u>(10,597,030)</u>	<u>3,659,595</u>
Excess of Revenues over Expenses and Other Financing Uses	3,190,787	1,483,388	8,394,963	(9,754,684)	(7,200,352)
Prior Period Adjustments (Note 7)	0	1,164,770	0	0	0
Fund Balance - Beg. of Year	<u>41,786,650</u>	<u>44,977,437</u>	<u>47,625,595</u>	<u>56,020,558</u>	<u>46,265,874</u>
Fund Balance - End of Year	<u><u>\$44,977,437</u></u>	<u><u>\$47,625,595</u></u>	<u><u>\$56,020,558</u></u>	<u><u>\$46,265,874</u></u>	<u><u>\$39,065,522</u></u>

The financial data presented on this page has been excerpted from the audited financial statements of the District.

Such presentation, however, has not been audited.

Complete copies of the District's audited financial statements are available upon request.

KINGSTON CITY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS

	Adopted Budget <u>2024-25</u>	Adopted Budget <u>2025-26</u>
Estimated Revenues:		
Real Property Tax	\$117,595,198	\$125,791,600
Real Property Tax Items	2,550,000	1,850,000
State Aid	99,528,800	104,843,300
Other Sources	4,398,002	4,407,600
Interfund Transfers	1,640,000	380,000
Total Estimated Revenues	<u>\$225,712,000</u>	<u>\$237,272,500</u>
Appropriated Fund Balance	5,850,000	5,500,000
Transfer From ERS and Debt Service Reserves	<u>-</u>	<u>6,750,000</u>
Total Estimated Revenues and Fund Balance	<u><u>\$231,562,000</u></u>	<u><u>\$249,522,500</u></u>
Appropriations:		
General Support	\$15,424,536	\$15,972,811
Instruction	125,711,826	131,355,153
Public Transportation	15,196,414	19,688,995
Employee Benefits	63,777,925	70,092,925
Interfund Transfers	755,000	705,000
Debt Service	10,696,299	11,707,616
Total Appropriations	<u><u>\$231,562,000</u></u>	<u><u>\$249,522,500</u></u>

Source: School District Officials

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**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/P21994652-P21519947-P21974617.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. Mengel Metzger Barr & Co. has not been requested by the District to further
review and/or update such Financial Statements or opinion in connection with the
preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL OPINION

[FORM OF LEGAL OPINION]

April 16, 2026

City School District of the City of Kingston,
County of Ulster,
State of New York

CITY SCHOOL DISTRICT OF THE CITY OF KINGSTON,
ULSTER COUNTY, NEW YORK
\$49,965,000 SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$49,965,000 School District Refunding (Serial) Bonds, 2026, dated April 16, 2026 (the "Obligations"), of the City School District of the City of Kingston, Ulster County, New York (the "Obligor"), issued in denominations equal to the respective amounts maturing in each year during the life of said Obligations, bearing interest at the rates per annum, payable June 1, 2026, and semi-annually thereafter on December 1 and June 1 and maturing on June 1 in each of the years as set forth below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
June 1, 2026	\$ 505,000	%
June 1, 2027	3,970,000	
June 1, 2028	4,060,000	
June 1, 2029	4,155,000	
June 1, 2030	4,255,000	
June 1, 2031	4,355,000	
June 1, 2032	4,460,000	
June 1, 2033	4,575,000	
June 1, 2034	4,705,000	
June 1, 2035	4,830,000	
June 1, 2036	4,970,000	
June 1, 2037	5,125,000	

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the

gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation(s) is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions,

omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP