This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Notes offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2026

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

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 Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986. Bond Counsel is also of the opinion that interest on the Notes 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 Notes. See "TAX MATTERS" herein.

*The Notes **will not** be "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986.*

CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK

$19,900,000
BOND ANTICIPATION NOTES, 2026 SERIES C (RENEWALS) (FEDERALLY TAXABLE)
(the "Notes")

Date of Issue: October 13, 2026 **Maturity Date: October 13, 2027**

The Notes are general obligations of the City of Middletown, Orange County, New York (the "City"), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to applicable statutory limitations. (See "NATURE OF OBLIGATION" and "*Tax Levy Limitation Law*" herein.)

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

At the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book entry notes.

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

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

The Notes are offered when, as and if issued and received by the purchaser subject to the receipt of the final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about October 13, 2026.

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

DATED: October __, 2026

CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK

Joseph M. DeStefano
Mayor

J. Miquel Rodrigues
Common Council President

Joseph G. Masi ..... Alderman First Ward
Kevin Witt ..... Alderman First Ward
Andrew Green ..... Alderman Second Ward
Kevin Gomez ..... Alderman Second Ward
Kate Wray ..... Alderman Third Ward
Paul Johnson ..... Alderman Third Ward
Jude A. Jean-Francois. ..... Alderman Fourth Ward
Alex Rodriguez ..... Alderman Fourth Ward

Leonora Liz ..... City Treasurer
Richard McCormack ..... City Clerk
Alex Smith ..... City Attorney

INDEPENDENT AUDITORS
RBT CPA's, LLP
Newburgh, New York

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC
Long Island & Western New York
(516) 274-4504

No person has been authorized by the City of Middletown 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 any of the Notes any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates 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 of Middletown since the date hereof.

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OFFICIAL STATEMENT

CITY OF MIDDLETOWN
ORANGE COUNTY, NEW YORK

relating to

$19,900,000
BOND ANTICIPATION NOTES, 2026 SERIES C (RENEWALS) (FEDERALLY TAXABLE)
(the "Notes")

This Official Statement (the "Official Statement"), which includes the cover pages and appendices hereto, presents certain information relating to the City of Middletown, in the County of Orange, in the State of New York (the "City," "County," and "State," respectively), in connection with the sale of $19,900,000 Bond Anticipation Notes, 2026 Series C (Renewals) (Federally Taxable) (the "Notes").

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

THE NOTES

Description of the Notes

The Notes will be dated and will mature as reflected on the cover page hereof.

The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

At the option of the purchaser, the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. The City will act as Paying Agent for the Notes. The City contact information is as follows: Leonora Liz, Treasurer, City Hall, 16 James Street, Middletown, New York 10940, (845) 346-4153, e-mail: lliz@middletown-ny.com.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the City Charter, General City Law (in particular Sections 20 and 21 thereof), General Municipal Law, the Local Finance Law, and a bond resolution adopted by the Common Council on September 16, 2025, amending resolutions previously adopted on April 12, 2024 and November 19, 2024, authorizing the issuance of an aggregate $19,900,000 bonds to pay the cost of rehabilitation of the O&W Railroad Station, a municipally owned site and building, for municipal and not-for-profit organization related use (the "Project"). The proceeds from the sale of the Notes will be used to redeem the City's outstanding $19,900,000 Bond Anticipation Notes, 2025 Series B (Federally Taxable) at maturity on October 14, 2026, which provided original financing for the Project.

Optional Redemption

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

Book-Entry-Only System

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes 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 Notes 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 Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note 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 City believes to be reliable, but the City 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 CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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

NATURE OF OBLIGATION

Each Note, when duly issued and paid for, will constitute a contract between the City and the holder thereof.

Holders of any series of bonds or notes of the City 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 Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City, subject to applicable statutory limitations.

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 New York New York Laws of 2011 was signed into law by the Governor (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 City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes 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 City'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 bonds and 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 Notes 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, 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.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the New York Laws of 2011 was signed into law by the Governor (as amended, the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are affected indirectly by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. While the Tax Levy Limitation Law was scheduled to expire in 2020, it was made permanent by legislation enacted in 2019. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Note, when duly issued and paid for, will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt, including judicial control over identifiable and unidentifiable creditors.

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

The rights of the owners of Notes to receive interest and principal from the City could be adversely affected by the restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the City (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of

any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect

and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

Several municipalities in the State are presently working with the FRB. The City has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders and bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. (See "NATURE OF OBLIGATION" and "State Debt Moratorium Law" herein.)

No Past Due Debt. No principal of or interest on City indebtedness is past due. To the best knowledge of current officials, the City has never defaulted in the payment of the principal of and interest on any indebtedness.

RISK FACTORS

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

There can be no assurance that the State appropriation for State aid to school districts or municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. 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 or the State's financial condition and other circumstances, including fiscal stress. The City is not very dependent on State aid, however, State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. (See "*State Aid*", "*Sales Tax*" and "*COVID-19 Stimulus and Uses"* herein).

Should the City fail to receive monies expected from the State in the amounts and at the times expected, the City is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the should elect to sell a Note 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 of the Notes. In

addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a note will decline, causing the noteholder to incur a potential capital loss if such bond is sold prior to its maturity.

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the City, school districts, and fire districts in the State could have an impact upon operations of the City and as a result, the market price for the Notes. (See "*Tax Levy Limit Law*," herein.)

Cybersecurity

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of 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 City digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. It is the opinion of the City's Attorney that adverse decisions in such suits, either individually or in the aggregate, are not likely to have a materially adverse effect on the financial condition of the City and that the verdicts in any pending lawsuits will not exceed the available insurance coverage.

There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the City.

TAX MATTERS

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 Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is included in 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 Notes is the first price at which a substantial amount of such maturity of the Notes 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 Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of

the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") 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 Notes, the interest on which is included in gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Certain requirements and procedures contained or referred to in other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) 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 Notes 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 Notes is included in 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 Notes 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 Notes 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 Notes. Prospective purchasers of the Notes 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.

Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners regarding the tax status of the Notes 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. Any action of the IRS, including but not limited to selection of the Notes 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 Notes, and may cause the City or the owners to incur significant expense.

Payments on the Notes 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 Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. 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 Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKINGS

This Official Statement is in a form "deemed final" by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the City will provide an executed copy of its "Undertaking to Provide Notice of Certain Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (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 City, 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; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the City, if any such event reflects financial difficulties.

Event (iii) is included pursuant to a letter from 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 Notes.

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

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 City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

Compliance History

On January 12, 2023, the City filed an event notice on EMMA for the failure to timely file its audited financial statements for the fiscal year ended December 31, 2021. The City filed its audited financial statements upon their completion on February 28, 2023.

On August 10, 2023, the City filed an event notice on EMMA for the failure to timely file its unaudited financial statements within six months of the close of its December 31, 2022 fiscal year. The City filed its unaudited financial statements on July 26, 2023.

On January 14, 2025, the City filed an event notice on EMMA for the failure to timely file its audited financial statements for the fiscal year ended December 31, 2023. The City filed its audited financial statements on December 16, 2024, which was more than sixty days after the release of the audited financial statements.

On July 8, 2025, the City filed an event notice on EMMA for the failure to timely file its unaudited financial statements within six months of the close of its December 31, 2024 fiscal year. The City filed its unaudited financial statements on July 3, 2025.

On July 15, 2026, the City filed an event notice on EMMA for the failure to timely file its unaudited financial statements within six months of the close of its December 31, 2025 fiscal year. The City filed its unaudited financial statements on July 15, 2026.

MUNICIPAL ADVISOR

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

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

RATINGS

The City has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Notes. Such application is pending at this time.

On August 3, 2026, Moody's Investors Service ("Moody's") affirmed the City's underlying credit rating of "A1".

With respect to the Moody's rating applicable to uninsured debt, such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Leonora Liz, City Treasurer, 16 James Street, Middletown, New York, 10940, (845) 346-4153, e-mail: lliz@middletown-ny.com or from the City's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, 11021, (516) 274-4502.

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 City and the original purchasers or holders of any of the Notes.

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 City management's beliefs as well as assumptions made by, and information currently available to the City'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 City's files with the MSRB. When used in City 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 Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the City, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in 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 City, as to which no representation can be made.

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

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

CITY OF MIDDELTOWN
ORANGE COUNTY, NEW YORK

By: /s/_____
City Treasurer

DATED: October __, 2026

APPENDIX A

THE CITY

THE CITY

General Information

The City, which was incorporated in 1888, is located in the west-central part of Orange County about 65 miles northwest of New York City. The City has a land area of 4.7 square miles, or about 3,000 acres. The City enjoys a diverse economic base, being the retail trading center for the surrounding rural-suburban area as well as the site of certain significant industrial, governmental, and educational establishments.

Form of Government

The City has a Mayor-Common Council form of city government. The Common Council consists of the President of the Common Council and eight Alderpersons. Alderpersons are elected by the ward system for two-year terms; the Mayor and the President of the Common Council are elected at-large for four-year terms. The Chief Fiscal Officer of the City is the City Treasurer, who is appointed by the Mayor.

Services

The City provides sanitary sewer facilities and water supply and distribution to its residents and is responsible for financing the construction, operation and maintenance of these systems. Police and fire protection are provided by full-time paid employees of the City in their respective departments.

Employees

The City provides services through approximately 210 full-time employees and 93 part-time employees. Some of such employees are represented by organized labor, as follows:

Employee Organization	Term of Contract	Employees
Middletown PBA (Police)	12/31/27	72
CSEA	12/31/27	88
Middletown Paid Firemen's Assoc.	12/31/23[(1)]	26

(1) In negotiations.

Employee Benefits

Substantially all employees of the City are members of the New York State and Local Employees Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS") (ERS and PFRS are referred to collectively hereinafter as the "Retirement System" where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

On March 16, 2012, then Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The Tier 6 pension tier provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years and a readjustment of the pension multiplier. Tier 6 employees vest in the system after five years of employment and continue to make employee pension contributions throughout employment. The time period for calculating the final average salary of an employee is 3 years.

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: $45,000.00 or less contributes 3%; $45,000.01 to $55,000.00 contributes 3.5%; $55,000.01 to $75,000.00 contributes 4.5%; $75,000.01 to $100,000.00 contributes 5.75%; and more than $100,000.00 contributes 6%.

Beginning July 1, 2013, a voluntary defined contribution plan option was made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn $75,000 or more on an annual basis.

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The City generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2025 for the current fiscal year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contributions for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The City does not currently amortize any pension payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The City pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

ERS and PFRS Contributions. The City's contributions to the ERS and PFRS for each of the past five audited fiscal years ended December 31, and the amounts budgeted for the current fiscal year, are as follows:

Fiscal Year Ended December 31:	ERS	PFRS
2020	$1,348,365	$2,103,576
2021	1,255,847	2,291,602
2022	1,367,791	2,786,389
2023	997,219	2,633,601
2024	1,099,416	2,741,005
2025 (Unaudited) (1)	1,090,026	3,640,613
2026 (Budget)	1,199,076	4,219,146

(1) Audited results may vary.
Source: Audited and Unaudited Financial Statements and Adopted Budget of the City. Summary itself not audited.

Other Postemployment Benefits

The City implemented GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The City's total OPEB liability as of December 31, 2024 was $126,785,343 using a discount rate of 4.28% and actuarial assumptions and other inputs as described in the City's December 31, 2024 audited financial statements.

Should the City be required to fund the total OPEB liability, it could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the City to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the City will continue funding this expenditure on a pay-as-you-go basis.

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. Such proposed legislation would generally 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 proposals, there would be no limits on how much a local government can deposit into the trust. The City cannot predict whether such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

COVID-19 Stimulus and Uses

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was $350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2026.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The City was awarded $11,313,784 in ARPA funds of which $5,656,892 was received in June of 2021 and the balance was received in June of 2022. The City has allocated all funds on various projects including infrastructure projects and COVID-19 related expenses not reimbursed by FEMA.

Budgetary Procedure

The Board of Estimate and Apportionment (the "Board") (which consists of the Mayor, the President of the Common Council and the Chairman of the Finance Committee) prepares the Tentative Budget and holds public hearings thereon. After making revisions deemed necessary and appropriate, but no later than December 1 of each year, the Board presents the Tentative Budget to the Common Council and the Common Council votes on the budget prior to December 15. The Common Council may make internal revisions to said budget or reduce it, but it may not increase the total amount of the budget. The budget is not subject to referendum.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

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 ("OSC") 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 City as "No Designation," with a fiscal score of 5.0% and an environmental score of 0.0%.

The financial affairs of the City are subject to periodic compliance reviews by OSC to ascertain whether the City has complied with the requirements of various State and federal statutes. A brief description of the lone OSC audit report completed in the last five years appears below. The City is currently not being audited by OSC.

May 2025 Audit. An audit report released May 9, 2025, was conducted from January 2017 to November 2018, covering the period back to January 2012 and forward to September 2021, to determine whether City officials accurately paid employees' salaries, wages and benefits and properly accrued leave benefits. Key recommendations included that the officials did not accurately pay employees' salaries, wages and benefits, or properly accrue leave benefits. OSC reviewed payments and benefits totaling $1.9 million and found exceptions totaling $292,205, including potential overpayments totaling $191,253. As a result, the City paid employees for time they did not work or accrue.

See the State Comptroller's official website for more information on FSMS. Complete audit reports can be obtained from OSC's website currently at: https://www.osc.state.ny.us/localgov/audits/index.htm. Reference to this website implies no warranty of accuracy of information therein.

Independent Audits

The City retained the firm of RBT CPAs, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ending December 31, 2024. Appendix B, attached hereto, presents excerpts from the City's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

In addition, the City is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. (See "*The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews*" herein.)

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the City has an investment policy applicable to the investment of all moneys and financial resources of the City. The responsibility for the investment program has been delegated by the Board to the Chief Financial Officer who was required to establish written operating procedures consistent with the City's investment policy guidelines. According to the investment policy of the City, 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 City has designated six banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The City is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the City 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 City include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the City (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 City but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The City 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 City, 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. Reverse repurchase agreements are not permitted under State law.

Collateral Requirements. All City deposits in excess of the applicable insurance coverage provided 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 City'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 of such deposits in the event of a default. Securities not registered or inscribed in the name of the City must be delivered, in a form suitable for transfer or with an assignment in blank, to the City or its designated custodial bank. The custodial agreements used by the City 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 or credit may be issued, in favor of the City, 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 City in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Revenues

The City derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2021-2025 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the City's audited financial reports, however, such presentation has not been audited.

Property Taxes. The City derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B). Property taxes accounted for 43.89% of total general fund revenues for the fiscal year ended December 31, 2025.

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The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the most recent unaudited fiscal year, and the amounts budgeted for the current fiscal year.

General Fund Revenues & Real Property Taxes

Fiscal Year Ended December 31:	Total Revenues[1]	Real Property Taxes	Taxes to Revenues
2021	$44,520,281	$20,938,323	47.03%
2022	47,974,251	21,798,408	45.44
2023	47,427,282	22,143,166	46.69
2024	51,234,457	23,207,826	45.30
2025	53,974,186	23,689,123	43.89
2026 (Budget)	52,728,811	24,577,093	46.61

(1) Excludes other financing sources.
Source: Audited Financial Statements. Summary itself not audited.

State Aid. The City also receives a portion of its revenues in the form of State aid. For the fiscal year ended December 31, 2025, State aid represented 7.59% of the total General Fund revenues of the City.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. Due to the outbreak of COVID-19, the Governor initially declared a state of emergency and took steps designed to mitigate the spread and impacts of COVID-19. The use of federal stimulus funds allowed the State to avoid gap closing measures; however, the State may be required to implement gap closing measures in the future. Such actions may include but are not limited to reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the City. (See also “RISK FACTORS” herein.)

The City relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. 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 pandemic and other circumstances, including State fiscal stress. Should the City 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 City is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The State’s 2026-27 Enacted Budget provides over $1 billion in support for local towns, villages and cities other than the City of New York.

Should the City 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 City is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

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The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the most recent unaudited fiscal year, and the amounts budgeted for the current fiscal year.

General Fund Revenues & State Aid

Fiscal Year Ended December 31:	Total Revenues[1]	State Aid	State Aid to Revenues
2021	$44,520,281	$3,852,425	8.65%
2022	47,974,251	4,417,467	9.21
2023	47,427,282	3,488,479	7.36
2024	51,234,457	4,365,493	8.52
2025	53,974,186	4,094,705	7.59
2026 (Budget)	52,728,811	3,619,763	6.86

(1) Excludes other financing sources.
Source: Audited Financial Statements. Summary itself not audited.

Sales Tax. The City receives a share of the County sales tax. The County presently imposes a sales and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and 3/8% for the Metropolitan Transportation Authority, for a countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement (the "Agreement"), shares the proceeds of the County's 3 3/4% sales and use tax with the three cities, twenty towns and nineteen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax revenues with the balance disbursed quarterly to the municipalities on a formula basis. The cities, in turn, agree not to levy a city sales tax for the term of the Agreement. The Agreement expires on February 28, 2029.

The following table sets forth total fund revenues and sale taxes received for each of the past five audited fiscal years and the most recent unaudited fiscal year, and the amounts budgeted for the current fiscal year.

General Fund Revenues & Sales Taxes

Fiscal Year Ended December 31:	Total Revenues[1]	Sales Tax	Sales Tax to Revenues
2021	$44,520,279	$12,772,954	28.69%
2022	47,974,521	13,892,453	28.62
2023	47,427,282	15,001,003	31.63
2024	51,234,457	14,984,794	29.25
2025	53,974,186	16,146,295	29.91
2026 (Budget)	52,728,811	15,700,000	29.77

(1) Excludes other financing sources.
Source: Audited Financial Statements, Preliminary, Unaudited Results and Adopted Budget of the City. Summary itself not audited.

Expenditures

The categories of expenditure for the City are General Government Support, Public Safety, Transportation, Economic Opportunity and Development, Culture and Recreation, Home and Community Services, Employee Benefits and Debt Service. For the audited fiscal years 2021 to 2025, total General Fund expenditures increased from $44,201.201 to $49,105,373 (excluding other financing sources and uses), an increase of 11.1%. A summary of the expenditures for the 2021-2025 fiscal years and budgeted expenditures for the 2026 fiscal years may be found in Appendix B hereto.

REAL PROPERTY TAXES

Property Tax Limit

Comparison of Constitutional Tax Margin
2025 and 2026

	2025	2026
Tax Limit	$42,700,372	$46,788,635
Tax Levy for City Purposes	24,030,732	24,652,072
Exclusion for Debt Service	4,647,366	5,283,449
Tax Levy Subject to Tax Limit	19,383,366	19,368,623
Constitutional Tax Margin	23,317,006	27,420,012
Percentage of Unused Taxing Power	54.61%	58.60%

Tax Collection Procedures

The City is responsible for the collection of its own taxes and for the collection of County taxes, both current and delinquent (for taxes levied on property which is located within the City) and delinquent taxes of the City School District (for taxes levied on property which is located within the City).

City and County taxes are levied simultaneously, payable in two installments. The first installment is due February 1, payable without penalty until March 1; the second installment is due June 1, payable without penalty until July 1. Penalties are 2% until either March 31 or July 31 and 1% per month thereafter beginning either April 1 or August 1, respectively. Tax lien sales are held annually.

Delinquent County and City School District taxes are paid to the County and City School District, respectively, as collected or from the proceeds of tax sales when held. The City is required to pay the City School District in full within two years after the return of the statement of unpaid taxes. The City is only required to pay delinquent County taxes as collected and is not required to make the County whole.

Tax Levies and Collection Record

	2022	2023	2024	2025	2026
City Tax Levy (1)	$21,691,547	$22,406,425	$23,140,116	$23,936,544	24,672,072
County Tax Levy	6,286,553	5,615,495	5,542,245	5,507,062	5,535,874
Library Tax Levy (2)	1,426,178	1,438,070	1,537,398	1,621,951	1,607,104
Total Tax Levy	$29,404,278	$29,459,990	$30,219,759	$31,065,557	$31,815,050
Collected During Year (3)	28,633,775	28,572,563	29,561,908	30,849,808	30,849,808
Uncollected End of Year					
Amount	770,503	887,428	657,851	965,242	N/A
Percent	2.62%	3.01%	2.18%	3.03%	N/A
Tax Rates per $1,000 of AV					
City	90.57	92.55	95.42	100.43	N/A
County	26.37	26.44	23.02	22.89	N/A
Library	5.81	5.83	6.19	6.43	N/A

(1) Gross levy - does not include additions or deletions to roll. Also includes tax overlay.
(2) The City collects taxes for the public library. The City only serves as collection agent and is not responsible for any uncollected taxes.
(3) As of July 1, 2026.

Ten of the Largest Taxpayers

2025 Tax Roll for 2026 Taxes

Name	Type	Assessed Valuation	% of Total Assessed Valuation [1]
Orange & Rockland Util. Inc.	Utility	$7,538,543	3.08%
Sutton Hill II LLC	Apartments	3,213,200	1.31
Southgate at Middletown, LLC	Apartments	2,136,000	0.87
Kale Realty Corp	Shopping Center	1,881,774	0.77
Sterling Parc at Mdtn LLC	Apartments	1,591,600	0.65
Citizens Telecom	Utility	1,332,102	0.54
Southgate I, LLC	Apartments	1,263,300	0.52
Dolson Holdings LLC	Warehouse	1,262,400	0.52
Evergreen Manor NY LLC	Apartments	1,208,000	0.49
Orange County Trust Co	Bank	942,000	0.39
		$22,368,919	9.15%

(1) 2026 total assessed valuation of $244,546,827.

The taxpayers listed above do not currently have any tax certiorari proceedings pending against the City.

CITY INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the City, subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Tax Services (the "ORPTS"). The State Legislature is required to prescribe the manner by which such rate shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the General City Law and the General Municipal Law. Sections 20 and 21 of the General City Law authorize the City "to spend money for any public or municipal purpose" which includes "the promotion of education, art, beauty, charity, amusement, recreation, health, safety, comfort, and convenience". The Project is proposed to serve certain such purposes.

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the City Council, the finance board of the City. Certain such resolutions may be subject to permissive referendum or may be submitted to the City voters at the discretion of the Common Council.

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

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "Payment and Maturity" under "*Constitutional Requirements*" herein.)

In addition, under each bond resolution, the Common Council may delegate the power to issue and sell bonds and notes (such as the Bonds and the Notes) to the City Treasurer, the chief fiscal officer of the City.

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue anticipation notes, tax anticipation notes, capital notes, deficiency notes and budget notes.

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the City, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The City has a debt contracting limitation equal to seven percent (7%) of average full valuation (see "Debt Limit" under "*Constitutional Requirements*" herein). (See also "*Tax Levy Limitation Law*" herein.)

The City determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for City purposes.

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The following table sets forth the City's debt-contracting limitation.

Computation of Debt Contracting Limitation
As of September 22, 2026

For Fiscal Year Ended December 31:	Assessed Valuations	Equalization Rate	Full Valuations
2022	$239,573,902	13.00%	$1,842,876,169
2023	240,962,119	11.70	2,059,505,291
2024	242,333,291	10.00	2,423,332,910
2025	243,398,110	9.04	2,692,456,969
2026	244,546,827	8.79	2,782,102,696
Total Five-Year Full Valuation			11,800,274,035
Five-Year Average Full Valuation			2,360,054,807
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			$165,203,836

Source: ORPTS.

Debt Limit and Net Indebtedness

The following table presents the debt-incurring power of the City and shows that the City is within its constitutional debt limit.

Statement of Debt Contracting Power
As of September 22, 2026

	Amount	Percentage of Debt Limit
Debt Contracting Limitation:	$165,203,836	100.00%
Gross Indebtedness:		
Serial Bonds	$61,399,869	37.17%
Bond Anticipation Notes (1)	37,332,203	22.60
Energy Performance Contract Lease (2)	4,813,292	2.91
Total Gross Indebtedness	$103,545,364	62.68%
Less Exclusions:		
Water Debt	$36,477,057	22.08%
Sewer Debt	20,089,145	12.16
Budgetary Appropriations	225,000	0.14
Total Exclusions	$56,791,202	34.38%
Total Net Indebtedness	$46,754,162	28.30%
Net Debt Contracting Margin	$118,449,674	71.70%

(1) The proceeds of the Notes will be used to redeem a $19,900,000 portion of the City's outstanding bond anticipation notes (see "*Authority for and Purpose of the Notes*" herein).

(2) Installment purchase contracts represent the unamortized principal portion of leases entered into pursuant to the provisions of section 109-b of the General Municipal Law. Although lease obligations do not constitute indebtedness nor has the City pledged its full faith and credit or taxing power for the payment thereof, Section 109-b of the General Municipal Law provides that such lease obligations are treated as indebtedness for purposes of determining debt contracting power under Section 104.00 of the Local Finance Law.

Downtown Revitalization Initiative

In 2016, the City was awarded a $10 million grant from the Downtown Revitalization Initiative ("DRI"). This program provided grant funding based on a downtown's potential for transformation, and a community's vision for revitalization. The DRI was funded by Empire State Development, and a state agency team from the Department of State and the New York State Homes and Community Renewal. Other agencies were also involved in reviewing and implementing projects.

The City's DRI included the development of a park, parking and green space improvements, streetscape, signage and façade improvements among other projects. The DRI grants covered the costs of all such projects; the City was reimbursed in phases upon completion of each project.

Tax and Revenue Anticipation Notes

The City has not found it necessary in the past (to the best knowledge of current City officials) to issue tax or revenue anticipation notes and does not expect to issue such notes in the foreseeable future.

Budget and Deficiency Notes

The City has not found it necessary in the past (to the best knowledge of current City officials) to issue budget or deficiency notes and does not expect to issue such notes in the foreseeable future.

Energy Performance Contract

In 2016, the City entered into a $12,546,493 energy performance contract lease purchase agreement at an interest rate of 2.107%. The City has made semi-annual payments of $509,657 beginning July 21, 2017, and on each January 21 and July 21 thereafter, with a final maturity of July 21, 2031. As of September 22, 2026, $4,813,292 is outstanding on the lease.

Trend of Capital Debt

The following table shows the amount of capital debt outstanding at the end of each of the last five audited fiscal years, exclusive of energy performance contract leases.

Debt History

	2020	2021	2022	2023	2024
Bonds	$43,430,000	$60,307,143	$59,801,458	$56,901,731	$54,171,885
Bond Anticipation Notes	40,007,434	21,954,218	15,397,693	25,193,983	27,597,808
Total Debt Outstanding	$86,487,424	$82,261,361	$75,199,151	$82,095,714	$81,769,693

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Overlapping and Underlying Debt

Statement of Direct and Overlapping Indebtedness
As of September 22, 2026

Gross Direct Indebtedness	$103,545,364
Exclusions and Deductions	56,791,202
Net Direct Indebtedness	$46,754,162

Overlapping Units	Date of Report	Total Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
County of Orange	06/26/2026	$176,260,000	4.38%	$ 7,720,188
Middletown City School District	11/11/2025	110,917,489	46.47	51,543,357
Totals				$59,263,545

Sources: EMMA System of the Municipal Securities Rulemaking Board.

Debt Ratios

The following table sets forth certain ratios relating to the City's direct and overlapping capital indebtedness.

Direct and Overlapping Debt Ratios
As of September 22, 2026

	Amount	Per Capita (1)	Percentage Of Full Value (2)
Net Direct Debt	$46,754,162	$1,553	1.68%
Net Direct & Applicable Overlapping Debt	106,017,707	3,522	3.81

(1) The population of the City is 30,098 (2025 Bureau of the Census estimate).
(2) The estimated full valuation of real property in the City for 2026 is $2,782,102,696.

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Debt Service Schedule

The following table shows the debt service requirements to maturity on the City's outstanding general obligation bonded indebtedness, exclusive of any economically defeased obligations.

Fiscal Year Ending December 31:	Principal	Interest[1]	Total	% Cumulative Principal Paid
2026[2]	$2,997,272	$1,723,087	$4,720,359	4.67%
2027	3,227,268	2,049,019	5,276,287	9.70
2028	3,313,944	1,934,626	5,248,570	14.86
2029	3,062,382	1,813,384	4,875,766	19.64
2030	3,181,004	1,694,700	4,875,704	24.59
2031	3,284,731	1,576,319	4,861,050	29.71
2032	3,398,574	1,459,055	4,857,629	35.01
2033	3,507,597	1,333,643	4,841,240	40.47
2034	3,616,839	1,208,505	4,825,344	46.11
2035	3,736,306	1,078,823	4,815,129	51.93
2036	3,856,223	946,758	4,802,981	57.94
2037	3,791,594	813,850	4,605,444	63.85
2038	3,542,361	685,723	4,228,084	69.37
2039	2,573,529	581,303	3,154,832	73.38
2040	2,255,117	505,875	2,760,992	76.89
2041	2,307,180	437,681	2,744,861	80.49
2042	2,049,771	367,421	2,417,192	83.68
2043	1,622,901	318,564	1,941,465	86.21
2044	1,661,559	277,200	1,938,759	88.80
2045	1,705,715	234,418	1,940,133	91.46
2046	890,393	190,092	1,080,485	92.85
2047	920,844	162,240	1,083,084	94.28
2048	951,769	132,544	1,084,313	95.77
2049	983,190	101,528	1,084,718	97.30
2050	350,580	69,170	419,750	97.84
2051	363,063	56,689	419,752	98.41
2052	376,293	43,457	419,750	99.00
2053	314,832	29,618	344,450	99.49
2054	329,310	15,142	344,452	100.00
Totals	$64,172,141	$21,840,434	$86,012,575	

(1) Gross interest. Does not exclude expected interest subsidies or fees on bonds sold through NYS Environmental Facilities Corp.
(2) For entire fiscal year.

Authorized but Unissued Debt

The City currently has $4,770,267 authorized but unissued debt related to various capital projects, as well as $10,000,000 authorized but unissued debt for the purpose of constructing a raw water line replacement. The City has not determined a timeline to finance such project.

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ECONOMIC AND DEMOGRAPHIC DATA

The following tables present certain comparative demographic and statistical information regarding the City, the County, the State, and the United States.

Population

The Table below shows population statistics for the City with comparable information for the County and State.

Population Trend

	2010	2020	2025	% Change 2000-10	% Change 2020-25
City	28,086	30,345	30,098	8.0%	(0.8)%
County	372,813	401,310	417,669	7.6	4.1
State	19,378,102	20,201,249	20,002,427	4.3	(1.0)

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

Income

Per Capita Money Income

	2010	2020	2024	% Change 2010-2020	% Change 2020-2024
City	$22,614	$28,529	$32,965	26.16%	15.6%
County	28,944	35,616	43,052	23.05	20.9
State	30,948	40,898	50,712	32.15	24.0

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

Employment

Average Employed Civilian Labor Force
2010-2025

	2010	2020	2025	% Change 2010-2020	% Change 2020-2025
City	12,900	12,500	13,400	(3.1)%	7.2%
County	166,800	167,500	184,410	0.4	10.1
State	8,790,800	8,631,400	9,575,200	(1.8)	10.9

Source: New York State Department of Labor.

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Average Unemployment Rates

Year	City	County	State
2021	6.1%	5.0%	7.1%
2022	3.9	3.4	4.3
2023	4.1	3.5	4.0
2024	4.2	3.7	4.2
2025	4.6	3.9	4.3
2026[(1)]:			
January	4.6	4.1	4.7
February	5.1	4.6	5.2
March	4.7	4.0	4.4
April	4.4	3.7	4.2
May	4.9	4.0	4.2
June	4.7	4.0	4.4
July	4.9	4.2	4.2

(1) Monthly rates.

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

Major Non-Governmental Employers in the County
(500+ Employees)

Name	Type	Approx. No. of Employees
United States Military Academy at West Point	Colleges & Technical Institutes	4,000
Garnet Health Medical Center	Healthcare	2,524
Orange County Government	Government	2,308
Crystal Run Health	Healthcare	2,050
Access: Supports for Living	Non-Profit Organizations	1,400
St Luke's Cornwall Hospital	Healthcare	1,247
Elant, Inc.	Healthcare	1,200
Amscan, Inc.	Manufacturing & Distribution	800
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
Bon Secours Community Hospital	Healthcare	598
Cornerstone Family Healthcare	Healthcare	550
Amscan, Inc.	Distribution	525
The ARC of Orange County	Non-Profit Organizations	525
Here's Help Staffing & Recruiting	Staffing Services	500
Horizon Family Medical Group	Healthcare	500

Source: 2025 official statement for Orange County dated August 14, 2025.

Economic Development/Urban Renewal

The City has shown significant signs of revitalization after the decline that affected most small cities in the Northeast over the past two decades. Light industry has grown in and around the City due to its location at the crossroads of major inter- and intra-state highways, major railroads as well as the rapidly developing Stewart International Airport in Newburgh. The City's long-standing commitment to rehabilitating existing infrastructure as well as making use of available space for new construction has allowed the City to continue to move forward despite downturns in the economy nationwide. With millions of dollars in public and private financing recently approved for various downtown revitalization efforts, the City anticipates this trend to continue.

Development interest in the City of Middletown has increased tremendously due to the Covid-19 pandemic. Commercial and Residential brokers conveyed that inquiries increased at a record pace in that time period from persons looking to relocate both business and their residence to the Hudson Valley. Middletown has been identified as a prime location due to its proximity to the Metro North

commuter train and Coach USA bus terminal, located in the center of the City. CPV Power Plant, located in Wawayanda, NY generated $695,710 grey water sales in 2025. The City has committed to providing water and sewer services to a proposed $300 million facility that will replace the existing MidHudson Forensic Psychiatric Center in Goshen, located at NYS-17M, approximately 4 miles from the City of Middletown. The City is currently working on an agreement with Goshen to create a water district in the area of the proposed Amy's kitchen project that will generate $1.7 million annually. These proposed water and sewer line will be the nucleus for the commercial development of the 17M corridor, and additional water source development and revenue for the City, reflecting the City's aggressive plan to generate water/sewer revenue outside of City limits.

Cultural and Educational Facilities

The Middletown Enlarged City School District (the "City School District") (a separate governmental entity) serves the entire City as well as several nearby communities. Two private parochial schools also serve the City.

The Orange County Community College (the "Community College"), located in the City, was founded in 1950 as the first county-sponsored community college in the State. It is a coeducational, comprehensive two-year college providing both liberal arts/transfer programs and career-technical programs. It also offers a broad range of continuing education courses and non-credit community service classes. The Community College is located on a 37-acre campus with 15 major buildings, including a library with a capacity of 100,000 volumes.

In addition to the library at the Community College, Thrall Public Library in downtown Middletown offers an almost 35,000 square foot public library for its residents. Located in a restored former Erie Railroad station in the center of the downtown business district, the library is a member of the Ramapo Catskill Library System, a cooperative educational institution financed through the State of New York to provide improved public library services throughout the Mid-Hudson Valley.

The Paramount Theater, also located in the central area of the City's downtown, provides cultural activities both local and regional, in its historically designated 1,100 seat vaudevillian style theater. Refurbished by a series of State and Federal grants for historic restoration, the theater retains the classic charm of a period cultural center.

Transportation

Commuter railroad service to the greater metropolitan area is available through Metro-North (Metropolitan Transportation Authority). Bus service is also provided through Short Line Bus Service to all points in the region, with regularly scheduled service to New York Port Authority and points in between. Middletown's location in the Central Hudson Valley, at the intersection of New York State Rt. 17 (soon to be U.S. Interstate Route 86) and U.S. Interstate Route 84 places it well for economic as well as other types of development.

Utilities

Electricity and natural gas are supplied to the City by Orange & Rockland Utilities, Inc. Telephone service is provided by Frontier.

Parks and Recreation

There are eleven City parks with over 160 acres of park and recreational facilities located in the City, including tennis courts, ball fields, a horseback riding ring, a fitness trail, ice skating ponds, picnic grounds and swimming pools. There are several private and public golf courses located nearby as well as the Palisades Interstate Park which has almost 80,000 acres of parkland and offers visitors a complete range of outdoor recreational activities.

END OF APPENDIX A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

CITY OF MIDDLETOWN
BALANCE SHEET
GENERAL FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
ASSETS					
Cash and Equivalents	$ 7,286,685	$ 6,654,598	$ 6,305,085	$ 10,131,002	$ 7,986,427
Restricted Cash	0	67,782	67,782	76,012	93,852
Restricted Investments	161,703	138,467	178,724	215,726	243,784
Taxes Receivables (Net)	2,715,879	2,278,867	2,007,602	1,265,376	1,643,167
Other Receivables:					
Mortgages	752,138	588,783	560,021	492,411	687,939
Accounts and Loans	0	0	0	752,498	703,718
State and Federal Aid	4,991,854	5,230,899	566,285	927,575	301,653
Due From Other Governments	0	0	4,631,884	3,930,341	4,243,369
Due From Other Funds	10,288,828	9,332,114	10,827,063	7,663,849	4,433,502
Leases	0	0	1,037,649	1,191,293	1,103,462
Prepaid Expenses	952,105	853,869	909,042	2,341,370	1,272,825
Miscellaneous	0	0	171,756	126,670	451,164
Total Assets	$ 27,149,191	$ 25,145,379	$ 27,262,893	$ 29,114,123	$ 23,164,862
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 607,593	$ 692,082	$ 1,018,920	$ 1,094,455	$ 782,402
Accrued Liabilities	600,453	491,921	398,692	337,698	640,762
Due To State and Federal Governments	697,348	957,859	0	0	0
Due To Other Funds	6,272,294	1,026,965	758,446	1,148,031	15,932
Due to Other Governments	0	0	278,694	248,603	1,405,645
Total Liabilities	8,177,688	3,168,827	2,454,752	2,828,787	2,844,741
Deferred Inflows of Resources	7,201,145	11,080,182	11,044,006	7,904,695	3,326,321
Total Liabilities and Deferred Inflows of Resources	15,378,833	14,249,009	13,498,758	10,733,482	6,171,062
Fund Balance:					
Nonspendable	952,105	853,869	1,161,279	2,741,203	1,669,676
Restricted	229,485	206,249	314,970	291,738	337,636
Assigned	1,277,078	720,488	0	492,020	449,213
Unassigned	9,311,691	9,115,464	12,287,886	14,855,680	14,537,275
Total Fund Balance	11,770,359	10,896,070	13,764,135	18,380,641	16,993,800
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 27,149,192	$ 25,145,079	$ 27,262,893	$ 29,114,123	$ 23,164,862

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

CITY OF MIDDLETOWN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
REVENUES:					
Real Property Taxes	$ 20,938,323	$ 21,798,408	$ 22,143,166	$ 23,207,826	$ 23,689,123
Other Tax Items	671,247	669,703	637,728	698,016	639,654
Non-PropertyTaxes	13,550,796	14,746,890	15,792,504	15,753,318	16,146,295
Departmental Income	855,462	1,218,136	1,291,201	1,464,942	1,392,453
Intergovermental Charges	564,011	650,469	858,913	770,285	863,124
Use Of Money And Property	169,221	165,183	435,451	416,041	477,563
Licenses And Permits	501,503	521,342	475,116	328,515	332,389
Fines And Forfeitures	411,300	403,018	482,189	462,380	440,573
Sale Of Property And Compensation For Loss	754,975	1,677,969	257,192	278,383	706,971
State Aid	3,852,425	4,417,467	3,488,479	4,365,493	4,094,705
Federal Aid	1,581,850	1,113,699	1,329,906	3,336,958	4,952,687
Miscellaneous	669,168	591,967	235,437	152,300	238,649
Total Revenues	44,520,281	47,974,251	47,427,282	51,234,457	53,974,186
EXPENDITURES:					
Current:					
General Government Support	5,137,132	5,373,796	4,973,234	5,181,880	5,602,667
Public Safety	12,859,112	13,464,312	14,013,855	15,114,564	15,010,664
Health	0	0	0	687,861	722,140
Transportation	1,763,079	2,103,313	1,956,687	1,873,589	2,283,353
Economic Opportunity & Development	352,853	400,311	456,386	501,924	494,970
Culture And Recreation	1,949,535	2,344,926	2,436,054	2,613,397	2,930,499
Home And Community Services	2,413,340	2,352,283	2,551,640	2,362,409	2,395,291
Capital Outlay	304,611	496,488	484,098	219,223	820,568
Employee Benefits	13,816,159	13,933,245	14,591,404	15,993,608	16,521,251
Debt Service	5,605,380	4,768,881	3,053,798	2,821,758	2,323,970
Total Expenditures	44,201,201	45,237,555	44,517,156	47,370,213	49,105,373
Excess (Deficiency) of Revenues Over Expenditures	319,080	2,736,696	2,910,126	3,864,244	4,868,813
OTHER FINANCING SOURCES (USES):					
Premium on Obligations	0	0	140,104	0	0
Transfers - In	5,663,171	567,819	1,485,252	1,922,124	666,648
Transfers - Out	(6,607,462)	(4,178,504)	(1,287,007)	(1,151,185)	(6,727,051)
Total Other Financing Sources (Uses)	(944,291)	(3,610,685)	338,349	770,939	(6,060,403)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(625,211)	(873,989)	3,248,475	4,635,183	(1,191,590)
Fund Balance - Beginning of Year	12,313,294	11,770,359	10,896,371	13,764,137	18,380,644
Prior Period Adjustment	82,276	0	(380,710)	(18,677)	(195,251)
Fund Balance - End of Year	$ 11,770,359	$ 10,896,371	$ 13,764,137	$ 18,380,644	$ 16,993,804

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Such presentation, however, has not been audited.

CITY OF MIDDLETOWN
BALANCE SHEET
WATER FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
ASSETS					
Cash	$ 1,253,614	$ 4,601,933	$ 3,040,328	$ 1,762,529	$ 1,099,558
Receivables:					
Accounts	90,948	0	0	0	0
Water Rents	1,654,151	1,687,091	1,679,697	1,804,517	1,761,035
Due From Other Funds	101,931	10,079	0	5,031	5,000
Prepaid Expenditures	66,157	45,919	52,016	105,617	68,298
Restricted Assets	0	90,948	0	0	0
Miscellaneous	0	0	0	0	500,000
Total Assets	$ 3,166,801	$ 6,435,970	$ 4,772,041	$ 3,677,694	$ 3,433,891
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 107,364	$ 249,454	$ 136,254	$ 170,396	$ 169,277
Accrued Liabilities	99,770	142,176	60,977	22,832	29,416
Due To Other Funds	2,539,515	4,981,547	2,506,837	1,134,019	671,179
Miscellaneus	0	0	0	0	0
Total Liabilities	2,746,649	5,373,177	2,704,068	1,327,247	869,872
Fund Balances:					
Nonspendable	66,157	45,919	52,016	105,617	68,298
Restricted	90,938	91,948	90,948	90,948	90,948
Assigned	263,057	925,926	1,925,009	2,153,882	2,404,773
Total Fund Balances	420,152	1,063,793	2,067,973	2,350,447	2,564,019
Total Liabilities and Fund Balances	$ 3,166,801	$ 6,436,970	$ 4,772,041	$ 3,677,694	$ 3,433,891

The financial data presented on this page has been excerpted from the audited and unaudited financial statements of the City .
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Such presentation, however, has not been audited.

CITY OF MIDDLETOWN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
WATER FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
REVENUES:					
Departmental Income	$ 6,643,595	$ 7,010,892	$ 7,444,363	$ 7,477,340	$ 7,661,067
Use Of Money And Property	3,685	8,067	120,088	86,838	50,412
Licenses and Permits	11,924	19,914	15,739	13,677	17,419
Sale Of Property And Compensation For Loss	500	500	1,415	18,500	1,926
State Aid	156,149	10,177	0	10,412	5,000
Federal Aid	0	0	0	0	0
Miscellaneous	20,612	17,381	22,199	14,051	68,598
Total Revenues	6,836,465	7,066,931	7,603,804	7,620,818	7,804,422
EXPENDITURES:					
Current:					
General Government Support	724,226	701,375	750,811	738,573	772,786
Economic Assistance & Opportunity	196	0	0	0	0
Home And Community Services	2,701,138	2,625,205	3,219,695	3,238,902	3,255,026
Employee Benefits	913,371	814,634	859,697	1,052,671	979,422
Capital Outlay	264,988	100,060	53,139	23,022	104,109
Debt Service	1,278,000	2,800,177	957,222	1,298,162	1,281,287
Total Expenditures	5,881,919	7,041,451	5,840,564	6,351,330	6,392,630
Excess of Revenues Over Expenditures	954,546	25,480	1,763,240	1,269,488	1,411,792
OTHER FINANCING SOURCES (USES):					
Premium on Obligations	0	0	133,245	0	0
Transfers - In	3,333	2,305,253	816,123	504,939	839,106
Transfers - Out	(2,605,909)	(1,688,092)	(1,707,428)	(1,491,953)	(2,037,326)
Total Other Financing Sources (Uses)	(2,602,576)	617,161	(758,060)	(987,014)	(1,198,220)
Net Change in Fund Balance	(1,648,030)	642,641	1,005,180	282,474	213,572
Fund Balances - Beginning of Year	2,068,182	420,152	1,062,793	2,067,973	2,350,447
Fund Balances - End of Year	$ 420,152	$ 1,062,793	$ 2,067,973	$ 2,350,447	$ 2,564,019

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CITY OF MIDDLETOWN
BALANCE SHEET
SEWER FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
ASSETS					
Cash	$ 1,704,117	$ 2,405,407	$ 1,667,332	$ 1,162,194	$ 1,459,374
Receivables:					
Sewer Rents	1,156,540	1,169,186	1,204,225	1,273,947	1,230,413
Due From Other Funds	107,176	600,000	746	392,644	0
Prepaid Expenditures	49,643	33,175	37,530	66,000	36,672
Total Assets	$ 3,017,476	$ 4,207,768	$ 2,909,833	$ 2,894,785	$ 2,726,459
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 172,973	$ 261,300	$ 200,494	$ 238,315	$ 440,241
Accrued Liabilities	104,414	143,790	34,645	22,364	12,596
Due To Other Funds	2,146,931	3,054,169	1,626,212	1,015,529	316,935
Miscellaneous	0	0	0	0	0
Total Liabilities	2,424,318	3,459,259	1,861,351	1,276,208	769,772
Fund Balances:					
Nonspendable	49,643	33,175	37,530	66,000	36,672
Assigned	543,515	715,334	1,010,952	1,552,577	1,920,015
Total Fund Balances	593,158	748,509	1,048,482	1,618,577	1,956,687
Total Liabilities and Fund Balances	$ 3,017,476	$ 4,207,768	$ 2,909,833	$ 2,894,785	$ 2,726,459

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CITY OF MIDDLETOWN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SEWER FUND
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2021	2022	2023	2024	2025
REVENUES:					
Departmental Income	$ 5,174,336	$ 5,430,997	$ 5,902,723	$ 5,845,777	$ 5,953,415
Use Of Money And Property	3,033	5,592	89,087	69,038	40,527
Licenses and Permits	27,514	10,139	11,579	10,667	10,389
State and Federal Aid	100,591	0	0	0	0
Miscellaneous	53,162	11,749	6,655	1,834	5,150
Total Revenues	5,358,636	5,458,477	6,010,044	5,927,316	6,009,481
EXPENDITURES:					
Current:					
General Government Support	482,890	491,263	514,980	531,834	559,933
Home And Community Services	2,764,411	2,710,785	3,177,386	3,087,812	3,099,935
Employee Benefits	545,643	526,920	553,506	599,857	561,014
Capital Outlay	0	148,289	6,290	107,153	228,752
Debt Service	465,627	30,671	58,645	51,617	43,128
Total Expenditures	4,258,571	3,907,928	4,310,807	4,378,273	4,492,762
Excess of Revenues Over Expenditures	1,100,065	1,550,549	1,699,237	1,549,043	1,516,719
OTHER FINANCING SOURCES (USES):					
Premium on Obligations	0	0	1,500	0	0
Operating Transfers - In	3,333	27,829	0	392,602	200,000
Operating Transfers - Out	(1,882,769)	(1,423,027)	(1,400,764)	(1,371,550)	(1,378,609)
Total Other Financing Sources (Uses)	(1,879,436)	(1,395,198)	(1,399,264)	(978,948)	(1,178,609)
Net Change in Fund Balance	(779,371)	155,351	299,973	570,095	338,110
Fund Balances - Beginning of Year	1,372,529	593,158	748,509	1,048,482	1,618,577
Fund Balances - End of Year	$ 593,158	$ 748,509	$ 1,048,482	$ 1,618,577	$ 1,956,687

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CITY OF MIDDLETOWN
SUMMARY OF ADOPTED BUDGET
YEAR ENDING DECEMBER 31, 2025

	General Fund	Water Fund	Sewer Fund	Combined Totals
REVENUES				
Real Property Taxes	$ 23,936,544	$ 0	$ 0	$ 23,936,544
Real Property Tax Items	813,789	0	0	813,789
Sales Tax	16,480,000	0	0	16,480,000
Other Non-Property Taxes	0	7,593,944	6,020,940	13,614,884
Departmental Income	1,457,450	0	0	1,457,450
Intergovernmental Charges	870,000	0	0	870,000
Use Of Money And Property	379,472	80,000	70,000	529,472
Licenses And Permits	355,400	17,500	9,000	381,900
Fines And Forfeitures	403,000	0	0	403,000
Sale Of Property And	0	0	0	0
Compensation For Loss	668,000	0	0	668,000
Interfund Revenues	365,000	0	0	365,000
State Aid	3,615,421	0	0	3,615,421
Federal Aid	0	0	0	0
Miscellaneous	196,783	19,000	2,000	217,783
Interfund Transfers	896,471	200,000	200,000	1,296,471
Total Estimated Revenues	50,437,330	7,910,444	6,301,940	64,649,714
APPROPRIATIONS:				
General Government Support	9,333,317	4,260,196	3,974,622	17,568,135
Public Safety	17,101,204	0	0	17,101,204
Transportation	0	0	0	0
Economic Assistance	171,993	0	0	171,993
Culture And Recreation	2,944,740	0	0	2,944,740
Home And Community Services	548,372	0	0	548,372
Employee Benefits	17,051,091	1,034,595	685,689	18,771,375
Interfund Transfers	0	434,344	186,147	620,491
Debt Service	3,286,613	2,181,309	1,455,482	6,923,404
Total Appropriations	50,437,330	7,910,444	6,301,940	64,649,714
Excess Of Estimated Revenues Over Appropriations	0	0	0	0
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
APPROPRIATED FUND BALANCE	$ 0	$ 0	$ 0	$ 0

Source: Adopted Budget of the City for the year ending December 31, 2025.

CITY OF MIDDLETOWN
SUMMARY OF ADOPTED BUDGET
YEAR ENDING DECEMBER 31, 2026

	General Fund	Water Fund	Sewer Fund	Combined Totals
REVENUES				
Real Property Taxes	$ 24,577,093	$ 0	$ 0	$ 24,577,093
Real Property Tax Items	840,725	0	0	840,725
Sales Tax	16,480,000	0	0	16,480,000
Other Non-Property Taxes	0	7,964,043	6,186,574	14,150,617
Departmental Income	1,434,950	0	0	1,434,950
Intergovernmental Charges	823,800	0	0	823,800
Use Of Money And Property	425,100	50,000	50,000	525,100
Licenses And Permits	355,400	18,000	10,000	383,400
Fines And Forfeitures	401,000	0	0	401,000
Sale Of Property And Compensation For Loss	895,737	0	0	895,737
Interfund Revenues	0	0	0	0
State Aid	3,619,763	0	0	3,619,763
Federal Aid	60,000	0	0	60,000
Miscellaneous	585,552	300,000	0	885,552
Interfund Transfers	2,229,691	19,000	20,000	2,268,691
Total Estimated Revenues	52,728,811	8,351,043	6,266,574	67,346,428
APPROPRIATIONS:				
General Government Support	8,355,832	4,439,497	4,172,058	16,967,387
Public Safety	16,301,532	0	0	16,301,532
Transportation	2,292,346	0	0	2,292,346
Economic Assistance	192,571	0	0	192,571
Culture And Recreation	3,144,007	0	0	3,144,007
Home And Community Services	421,874	0	0	421,874
Employee Benefits	18,219,924	958,633	485,647	19,664,204
Interfund Transfers	0	418,698	179,442	598,140
Debt Service	3,800,725	2,534,215	1,429,427	7,764,367
Total Appropriations	52,728,811	8,351,043	6,266,574	67,346,428
Excess Of Estimated Revenues Over Appropriations	0	0	0	0
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
APPROPRIATED FUND BALANCE	$ 0	$ 0	$ 0	$ 0

Source: Adopted Budget of the City for the year ending December 31, 2026.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 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/P22093140-P21589098-P22051031.pdf

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

*** RBT CPAs, LLP has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL'S OPINION FOR THE NOTES

[DRAFT FORM OF APPROVING OPINION]

October 13, 2026

City of Middletown,
County of Orange,
State of New York

Re: City of Middletown, Orange County, New York
$19,900,000 Bond Anticipation Notes, 2026 Series C (Renewals) (Federally Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of $19,900,000 Bond Anticipation Notes, 2026 Series C (Renewals) (Federally Taxable) (the "Obligation"), of the City of Middletown, Orange County, New York (the "Obligor"), dated October 13, 2026, numbered ___, of the denomination of $19,900,000, bearing interest at the rate of _____% per annum, payable at maturity, and maturing October 13, 2027.

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"); and

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed 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. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) Interest on the Obligation is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986.

(c) Interest on the Obligation is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

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 Obligation. Certain agreements, requirements and procedures contained or referred to in other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) 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 Obligation 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. 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 Obligation 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 Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP