

NEW ISSUE SERIAL BONDS

RATING: See “RATING” herein

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018) and the Bonds will be qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “Tax Matters” herein.

**VILLAGE OF NEW PALTZ
ULSTER COUNTY, NEW YORK**

\$3,850,000

**PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019A
(the “Bonds”)**

Date of Issue: Date of Delivery

Maturity Date: April 1, 2020 - 2039

The Bonds are general obligations of the Village of New Paltz, Ulster County, New York (the “Village”), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to the applicable provisions of Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law”). See “**Nature of Obligation**” and “**Tax Levy Limit Law,**” herein.

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), Jersey City, New Jersey. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be paid in Federal Funds by the Village to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See “**Book-Entry-Only System**” herein).

The Bonds will be dated their Date of Delivery, will bear interest from such date payable on October 1, 2019 and semiannually thereafter on each April 1 and October 1 until maturity and will mature on April 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See “**Optional Redemption**” herein).

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel. It is expected that the Bonds will be available for delivery in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about April 9, 2019.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE VILLAGE FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE VILLAGE’S AGREEMENT TO PROVIDE NOTICE OF EVENTS AS DESCRIBED IN THE RULE, SEE “**DISCLOSURE UNDERTAKING FOR THE BONDS**” HEREIN.

Dated: March 13, 2019

The Bonds mature on April 1 in each year as set forth below:

<u>Date</u>	<u>Amount ⁽¹⁾</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2020	\$140,000			647855
2021	140,000			647855
2022	145,000			647855
2023	150,000			647855
2024	155,000			647855
2025	160,000			647855
2026	165,000			647855
2027	175,000			647855
2028	180,000			647855
2029	185,000			647855
2030	190,000			647855
2031	200,000			647855
2032	205,000			647855
2033	215,000			647855
2034	220,000			647855
2035	230,000			647855
2036	235,000			647855
2037	245,000			647855
2038	255,000			647855
2039	260,000			647855

- (1) The principal maturities of the Bonds are subject to adjustment following their sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law.

**VILLAGE OF NEW PALTZ
ULSTER COUNTY, NEW YORK**

BOARD OF TRUSTEES

**Timothy Rogers
Mayor**

KT Tobin..... Deputy Mayor

Don Kerr Village Trustee

William Murray Village Trustee

Dennis Young Village Trustee

Nancy Branco..... Village Treasurer

William A. Frank, Esq. Village Attorney

BOND COUNSEL



**Squire Patton Boggs (US) LLP
New York, New York**

INDEPENDENT AUDITOR

**PKF O'Connor Davies, LLP
Harrison, New York**

MUNICIPAL ADVISOR



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

TABLE OF CONTENTS

	<i>Page</i>		<i>Page</i>
THE BONDS	1	FINANCIAL FACTORS	A-4
Description	1	Budgetary Procedure	A-4
Authority for and Purpose of the Bonds	1	Independent Audits	A-5
Optional Redemption	2	Summary of Significant Accounting Policies	A-5
Book-Entry-Only System	2	Investment Policy	A-5
NATURE OF OBLIGATION	4	Revenues	A-6
Tax Levy Limit Law	4	REAL PROPERTY TAXES	A-8
SPECIAL PROVISIONS AFFECTING REMEDIES		Assessed and Full Valuations	A-8
UPON DEFAULT	5	Tax Collection Procedures	A-8
Cybersecurity	8	Constitutional Tax Margin	A-9
MARKET FACTORS	9	Ten of the Largest Taxpayers	A-10
THE STATE COMPTROLLER'S FISCAL STRESS		VILLAGE INDEBTEDNESS	A-10
MONITORING SYSTEM AND COMPLIANCE		Constitutional Requirements	A-10
REVIEWS	9	Statutory Procedure	A-11
LITIGATION	10	Constitutional Debt-Contracting Limitation	A-12
TAX MATTERS	10	Statutory Debt Limit and Net Indebtedness	A-13
Risk of Future Legislative Changes and/or Court		Bond Anticipation Notes	A-13
Decisions	11	Tax and Revenue Anticipation Notes	A-14
Original Issue Discount and Original Issue		Trend of Capital Debt	A-14
Premium	12	Overlapping and Underlying Debt	A-14
DOCUMENTS ACCOMPANYING DELIVERY OF		Debt Ratios	A-15
THE BONDS	13	Authorized But Unissued Debt	A-15
Legal Matters	13	Debt Service Schedule	A-15
Closing Certificates	13	ECONOMIC AND DEMOGRAPHIC DATA	A-16
LIMITED DISCLOSURE UNDERTAKING	13	Population	A-16
Continuing Disclosure Compliance History	15	Income	A-16
MUNICIPAL ADVISOR	15	Employment	A-17
RATING	15	Financial Institutions	A-18
ADDITIONAL INFORMATION	16	Transportation	A-18
APPENDIX A - THE VILLAGE		Utilities	A-18
THE VILLAGE	A-1	Communications	A-19
General Information	A-1	Educational and Medical Institutions	A-19
Form of Government	A-1	Housing Data	A-19
Services	A-2		
Employees	A-2		
Employee Benefits	A-2		
Other Postemployment Benefits	A-3		

APPENDIX B - UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

APPENDIX C - INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED MAY 31, 2018

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OFFICIAL STATEMENT
VILLAGE OF NEW PALTZ
ULSTER COUNTY, NEW YORK

relating to

\$3,850,000
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2019A
(the “Bonds”)

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the Village of New Paltz, Ulster County, in the State of New York (the “Village,” “County,” and “State,” respectively). It has been prepared by the Village in connection with the sale and delivery of its \$3,850,000 Public Improvement Serial Bonds, Series 2019A (the “Bonds”).

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

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable on October 1, 2019 and semiannually thereafter on April 1 and October 1 until maturity and will mature on April 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See “Optional Redemption” herein).

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

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

Authority for and Purpose of the Bonds

Authorization. The Bonds are issued pursuant to the State Constitution and statutes of the State, including among others, the Village Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State, and bond resolutions adopted by the Board of Trustees of the Village on May 14, 2014.

Purpose.

The proceeds of the Bonds will be used to redeem at maturity \$3,850,000 Bond Anticipation Notes, Series 2018A which were issued for improvements to the water supply system.

Optional Redemption

The Bonds maturing on or before April 1, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on or after April 1, 2028 will be subject to redemption prior to maturity, on any date, at the option of the Village, on April 1, 2027 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Village. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “Book-Entry-Only System” for additional information concerning redemptions).

Book-Entry-Only System

The Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the. The Bonds 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 bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village, 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 Village, 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 Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village 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 VILLAGE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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

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

NATURE OF OBLIGATION

Each Bond when duly issued and paid for will constitute a contract between the Village and the holder thereof.

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village 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 Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to the applicable provisions of Chapter 97 of the Laws of 2011.

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Village'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 Limit Law," herein.

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the Village for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the Village under the Local Finance Law. Accordingly, the power of the Village to levy real property taxes on all taxable real property within the Village without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no 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. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the Village Board of Trustees subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The Village is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the Village under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution. On February 19, 2013, the New York State United Teachers organization (“NYSUT”) filed a lawsuit in State Supreme Court in Albany against the State, challenging Chapter 97 of the Laws of 2011 as applied to school districts on multiple federal and state constitutional grounds. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Aside from the State United Teachers lawsuit, as of the date hereof, the Village, without diligence, is unaware of any action threatened or pending in a court of competent jurisdiction to challenge the constitutionality or validity of the TLLL, or any administrative proceeding noticed or scheduled by a committee of the Legislature or a State agency to gather evidence and determine whether corrective legislative action is required to ensure that the TLLL is a valid general law. In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the Village set forth in the New York State Constitution and established by the aforesaid pledge of the Village’s faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond counsel expresses no opinion on the validity of Chapter 97 of the Laws of 2011 under the applicable provisions of Article VIII of the New York Constitution.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. The Bonds when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village 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 Village 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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 Village may not be enforced by levy and execution against property owned by the Village.

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 Bonds should the Village 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 Bonds to receive interest and principal from the Village could be adversely affected by the restructuring of the Village'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 Village (including the Bonds) 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 Village 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 Village.

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 Village 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.

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, 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 Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

Cybersecurity

The Village, 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 Village 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 Village 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 Village digital networks and systems and the costs of remedying any such damage could be substantial.

MARKET FACTORS

The financial and economic condition of the Village as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Village'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 Bonds. 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 Village to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Village will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village 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 and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See "State Aid" herein).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village 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 Bonds should elect to sell a Bonds 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 Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Bonds (See "Tax Matters" herein).

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

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 of the State Comptroller designates the Village as “No Designation.”

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. OSC has not released an audit report on the Village in the last five years. Additional information on State audit reports can be obtained from OSC’s official website.

LITIGATION

Claims and Litigation. Various notices of claim are from time to time filed against the Village; allegations in these matters generally relate to circumstances of false arrest, malicious prosecution, violation of civil rights or property damage. The plaintiffs in most of these actions are seeking money damages, however, in certain instances injunctive relief is requested. In the opinion of the Village Attorney, the existing insurance coverage adequately protects the Village against any current claims and the financial exposure, if any, is not material.

Tax Certiorari Claims. There are also pending against the Village various proceedings brought pursuant to Article 7 of the Real Property Tax Law, to review and reduce real estate assessments and obtain a refund for alleged overpayments of real estate taxes. The results of the pending tax certiorari proceedings cannot be determined at this time, however, assessment reductions historically have been significantly smaller than the amounts claimed. The Villages’ tax base has remained relatively constant with new assessments offsetting reductions due to certiorari settlements.

Future refunds resulting from an adverse settlement or judgment will be funded in the year of payment. For fiscal 2019 (as of February 16, 2019), the Village has paid no tax refunds. It is believed that an adverse decision, in any or all of these proceedings, in whole or in part, whether by stipulation or judgment, would not have a material impact on the financial condition of the Village.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018), and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Village’s certifications and representations or the continuing compliance with the Village’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Village may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Village has covenanted to take the actions required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to the federal corporate alternative minimum tax (applicable only to taxable years beginning before January 1, 2018). In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond or Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Village or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, the recent federal tax legislation that was enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax (for taxable

years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among other things. This legislation may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds. Additionally, investors in the Bonds should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds (the “Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds and of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond or Note.

Certain of the Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond or note premium. For federal income tax purposes, bond or note premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond or note premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to Discount or Premium Bonds, other federal tax consequences in respect of OID and bond or note premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the Village. Such opinion will be available at the time of delivery of and payment for the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Village, for the payment of which the Village has validly pledged its faith and credit, and all the real property within the Village subject to taxation by the Village, is subject to the levy by the Village of ad valorem taxes, without limitation as to rate or amount, subject to the applicable provisions of Chapter 97 of the Laws of 2011. Chapter 97 of the Laws of 2011 imposes a statutory limit on the power of the Village to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Bonds. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011 do not diminish the prior lien on the first revenues of the Village set forth in the New York Constitution and established by the aforesaid pledge of the Village's faith and credit requiring the Village to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond Counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011 under the applicable provisions of Article VIII of the New York Constitution.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain Bonds representations of the Village contained in the record of proceedings relating to the authorization and issuance of the Bonds, (a) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to the federal corporate alternative minimum tax (applicable only to taxable year beginning before January 1, 2018) and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, (b) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, and (d) the enforceability of the Bonds is subject to bankruptcy and other laws affecting creditors' rights and the exercise of judicial discretion.

Closing Certificates

Upon delivery of and payment for the Bonds, the purchaser of the Bonds will also receive, without cost, in form satisfactory to Bond Counsel the following, dated as of the date of delivery of and payment for the Bonds: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds; (b) a certificate or certificates executed by the officer of the Village who executed the Bonds on behalf of the Village stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds, (2) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement, on the date hereof and on the date of delivery of and payment for the Bonds, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) the unqualified legal opinion as to the validity of the Bonds of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, as more fully described under "Legal Matters" herein; (d) a Tax Compliance Certificate executed by the Treasurer of the Village; and (e) a continuing disclosure agreement executed by the Treasurer of the Village for purposes of SEC Rule 15c2-12, as described under the caption "Disclosure Undertaking" herein.

LIMITED DISCLOSURE UNDERTAKING

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

(1) (i) the audited financial statement, if any, of the Village for each fiscal year commencing with the fiscal year ending May 31, 2019 shall be provided on or prior to the 180th day following the end of each fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 30 days after it becomes available and in no event later than 360 days after the end of each fiscal year, or (ii) the Village's Annual Update Document filed by the Village with the State, in the event that the Village does not customarily prepare audited financial statements;

(2) the adopted budget of the Village for each fiscal year commencing with the fiscal year ending May 31, 2020;

(3) any other financial information or operating data regarding the Village, which is customarily prepared by the Village and is publicly available;

(4) (a) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Bonds:

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

"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 debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

Additional Information Upon Request. In addition to the foregoing, upon request, the Village shall provide certain annual financial information and operating data, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings: "LITIGATION" and in Appendix A under the headings, "THE VILLAGE", "FINANCIAL FACTORS", "REAL PROPERTY TAXES", "VILLAGE INDEBTEDNESS" and "ECONOMIC AND DEMOGRAPHIC DATA"; and in Appendix B. Following any such request, such financial information and operating data with respect to any fiscal year will be so provided to the

requesting party and to EMMA prior to the later of either (i) 90 days following the receipt of such request or (ii) the end of the sixth month of the succeeding fiscal year. All such requests should be directed to the Village Treasurer or the Village's Municipal Advisor.

The Village's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. In addition, the Village reserves the right to terminate its obligation to provide the aforescribed, if and when the Village no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Village, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Village to comply with the Undertaking will not constitute a default with respect to the Bonds.

The Village reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with the Rule.

Continuing Disclosure Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the Village. Due to widespread knowledge of these rating actions, material event notices were not filed by the Village in each instance.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, 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 Village 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 Village 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 Village. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

RATING

The County has applied to Moody's Investors Service ("Moody's") for a rating of the Bonds. Such application is pending at this time.

The Village's underlying credit rating by Moody's is "Aa3."

Such rating reflects only the views of such organization 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 Bonds or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Nancy Branco, Village Treasurer, 25 Plattekill Avenue, New Paltz, New York 12561, (845)255-0130, e-mail: nancybranco@villageofnewpaltz.org, or from the Village's Municipal Advisor, Capital Markets Advisors, LLC, 822 Route 82, Suite 310, Hopewell Junction, New York 12533, (845) 227-8678.

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 Village and the original purchasers or holders of any of the Bonds.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Village nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Village 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 Village 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 Bonds by the Village and may not be reproduced or used in whole or in part for any other purpose.

Squire Patton Boggs (US) LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including this Official Statement.

VILLAGE OF NEW PALTZ,
ULSTER COUNTY, NEW YORK

By: _____
Nancy Branco
Treasurer and Chief Financial Officer

DATED: March 13, 2019

APPENDIX A

THE VILLAGE

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THE VILLAGE

There follows in this Official Statement a brief description of the Village together with certain information concerning its governmental organization, revenues and expenditures, indebtedness and finances.

General Information

The Village is situated wholly within in the Town of New Paltz (the "Town"), which lies approximately 90 miles north of New York City. The Village was founded in 1677 by French Huguenots and then incorporated in 1887 with a land area of approximately 1.7 miles. According to interim data obtained from the US Census Bureau (the American Community Survey – 5 Year Estimate), the 2017 population of the Village was 7,040 persons, which represents an increase of approximately 3.3% since the last official Census taken in 2010 (see “Economic and Demographic Info,” herein). Higher education has been one of the main concerns of the community since the 1830's. The State University of New York at New Paltz, one of the largest employers in the County, is located in the Village.

Form of Government. The Village was established as a municipal government by the State and is vested with such powers and has the responsibilities inherent in the operation of municipal government, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property situated in its boundaries and incur debt subject to the provisions of the State's Local Finance Law. There is one independent public school district situated in the Village that possesses the same powers with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town and County to support programs conducted by these two governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting village governments including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law. The Village is responsible for the collection of Village taxes. Other taxes levied in the Village are collected by the Town or School District, and enforced by the County.

Form of Government

Elected Officials. The Board of Trustees or “the Board” is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees, elected at large to serve a four-year term, plus the Mayor. Trustees may serve an unlimited number of terms. It is the responsibility of the Board of Trustees to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Village must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board. The original issuance of all Village indebtedness is subject to approval by the Board.

The Mayor is the Chief Executive Officer of the Village and is elected for a four-year term of office with the right to succeed himself. In addition, the Mayor is a full member and presiding officer of the Board. The Mayor is responsible for administering the daily activities of the Village and appoints department managers, subject to Board confirmation.

Appointed Officials. The Village Clerk and Treasurer are appointed by the Mayor, subject to confirmation by the Board of Trustees to serve a two-year term.

The responsibilities of the Village Clerk are many and varied. The Village of New Paltz Clerk serves as a liaison to the public, assistant to the Village of New Paltz Board of Trustees and is the Records Access Office and Chief Elections Officer in the Village of New Paltz. The Clerk focuses on the appropriate dissemination of information, including information on the Village website (<http://villageofnewpaltz.org/>), and also assists with interdepartmental communications and public affairs. The Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board of Trustees. In addition, the Clerk provides services to the Board of Trustees and each board of village officers, keeping all the records of their proceedings. The Village Clerk is responsible for maintaining the Village code of laws and ordinances as it relates to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations, and general ordinances.

The Village Treasurer is the Chief Fiscal Officer of the Village. The Treasurer is responsible for preparing the budget, managing collections, parking tickets, bonding, coordinating the water and sewer billings and payroll, and maintaining

the Village's accounting systems and records, which includes the responsibility of preparing and filing an annual financial report with the State Comptroller. The Treasurer also is the tax collector and is responsible for collecting and enforcing taxes. The Treasurer works closely with the Village of New Paltz Board of Trustees,

Services

The Village provides its residents with many of the services traditionally provided by village governments. A list of these services provided by the Village are as follows: water supply; sewer collection and treatment; highway and public facilities maintenance; cultural and recreational activities (Village and Town operate a pool facility under a joint cooperative agreement); building code enforcement; planning and zoning administration; and, fire protection.

The Town and County furnish certain other services, including police protection which is furnished by the Town Police Department and the County Sheriff's Department. Pursuant to State law, the County is responsible for funding and providing various social service and health care programs such as Medicaid, aid to the families with dependent children, home relief and mental health programs. The County also operates a two-year community college, which offers associate degrees in various fields of study.

Employees

The Village employs 16 full-time employees and 10 part-time employees. As shown in the below table, 10 full-time and 3 part-time employees are members of the CSEA union.

Union Representation	Number of Employees	Contract Expiration Date
Civil Service Employees Assoc., Inc. Local 1000, AFSCME, ALF-CIO	14	May 31, 2020

Source: Village Officials.

Employee Benefits

Substantially all employees of the Village are members of the New York State and Local Employees Retirement System (“ERS” or the “Retirement System”). 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. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. 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 after 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.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation 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, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

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 Village generally opts to make its pension payments in December in order to take advantage of the discounted rate.

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 Village does not currently amortize any pension payments.

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-19, the average contribution rates for ERS will decrease from 15.5% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

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 Village pays its ERS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

ERS Contributions. The current retirement expenditures presented in the Village's financial statements for each of the last five years and the amount budgeted for the most recent fiscal year are shown in the following table.

Fiscal Year Ended May 31:	ERS
2014	\$169,153
2015	147,133
2016	173,812
2017	132,318
2018	142,895
2019 (Budget - As Adopted) ⁽¹⁾	176,000

(1) Inclusive of appropriations in the General, Water, and Sewer Funds.

Source: The audited financial Statements and adopted budgets of the Village. The above summary itself is not audited.

See "Note 3," on page 40 of the audited financial statements for the year ended May 31, 2018, herein.

Other Postemployment Benefits

GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its ARC. The Village’s funding policy is to contribute the current annual premium (net of employee contributions) for retired participants (i.e. pay-as-you-go). Current New York State law does not permit municipalities to pre-fund medical benefit obligations. For the 2017-18 fiscal year the Village contributed \$100,000.

The Village is in compliance with the requirements of GASB 45. The Village has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of June 1, 2017 was \$5,300,000. For the year ended May 31, 2018, the Village's ARC was \$720,000. The Village’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Village’s finances and could force the Village to reduce services, raise taxes or both.

See “Note 3,” on pages 45 of the audited financial statements for the year ended May 31, 2018 herein.

Source: The audited financial statements for the year ended May 31, 2018.

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

FINANCIAL FACTORS

Budgetary Procedure

Formal budgetary integration is employed during the year as a management control device for General, Water and Sewer funds. The budgets for General, Water and Sewer Funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not legally adopted by the Board for the Community Development or Special Purpose funds.

The head of each administrative unit of the Village is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the Budget Officer on or before March 1st of each year. After reviewing these estimates, the Budget Officer prepares a tentative budget which includes his recommendations. The tentative budget is filed with the Village Clerk not later than March 20th. Subsequently, the Village Clerk presents the tentative budget to the Board of Trustees at a regular or special hearing. Review and preliminary alteration of the tentative budget by the Board of Trustees must be completed by March 31st. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing on the preliminary budget, notice of which must be given at least five (5) days prior to the hearing, must be held not later than April 15th. After the public hearing, the Board may further change and revise the preliminary budget. The Board must adopt the preliminary budget as submitted or amended by May 1st, at which time the preliminary budget becomes the annual budget of the Village for the ensuing fiscal year.

Budget Control. The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board. Appropriations in General, Water and Sewer funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller. See “Note 2-A,” on page 33 of the audited financial statements for the year ended May 31, 2018, herein.

A summary of the Village’s budget for fiscal year 2018-19 is presented in Appendix B of this Official Statement. Full copies the budget will be made available upon request of the Village Treasurer or from the Village’s Municipal Advisor.

Independent Audits

The Village retained the firm of PKF O’Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended May 31, 2018. A copy of the Village’s audited financial statements for the fiscal year ended May 31, 2018 may be found under Appendix C of this Official Statement. Additional Village audits may be obtained by request from the Village Treasurer or from the Village’s Municipal Advisor.

State Audits. The Village is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

A State audit report reviewing the Village’s Internal Control Over Building Department Operations was made available on December 15, 2017. A complete copy of the report is available by request of the Village of the Village’s Municipal Advisor.

See also, “The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews,” herein.

Certain Information Obtained from Financial Statements. A five-year history of certain financial statements is presented, in summary form, in Appendix B hereto. The data presented in these summaries are derived from the Village’s audited financial statements. However, the summaries are not complete presentations in that the notes to the financial statements and the auditors’ report thereon have not been included. Accordingly, such statements are not considered as audited under accounting principles generally accepted in the United States of America. Copies of the Village’s audited financial statements will be made available upon request to the Village Treasurer or its Municipal Advisor.

Summary of Significant Accounting Policies

See “Note 1,” in the audited financial statements for the year ended May 31, 2018, herein.

Investment Policy

Pursuant to Section 39 of the State’s General Municipal Law, the Village has an investment policy applicable to the investment of all moneys and financial resources of the Village. 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 Village’s investment policy guidelines. According to the investment policy of the Village, 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 Village has designated nine banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Village is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Village 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

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

Collateral Requirements. All Village 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 Village'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 Village must be delivered, in a form suitable for transfer or with an assignment in blank, to the Village or its designated custodial bank. The custodial agreements used by the Village 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 Village, 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 Village in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Revenues

The Village 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 fiscal years 2014-2018 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Village's audited financial reports, however, such presentation has not been audited.

Real Property Taxes. The Village derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds” in the audited financial statements for the year ended May 31, 2018). For the fiscal year ended May 31, 2018, property taxes accounted for approximately 46.6% of General Fund revenue, excluding other financing sources.

The following table sets forth General Fund revenue and real property taxes received for each of the past five audited fiscal years and the amount budgeted for the most recent fiscal year.

General Fund Revenue & Real Property Taxes

Fiscal Year Ended May 31:	Total Revenue ⁽¹⁾	Real Property Taxes	Taxes to Revenue
2014	\$2,555,110	\$1,498,494	58.6%
2015	2,657,627	1,463,146	55.1
2016	2,618,699	1,488,084	56.8
2017	2,739,450	1,490,299	54.4
2018	3,178,632	1,483,122	46.6
2019 (Budget – As Adopted) ⁽²⁾	2,978,990	1,480,800	49.7

- (1) Total revenues are exclusive of other financing sources.
- (2) Excludes the appropriation of fund balance (\$197,000 for 2018-19).

Source: The audited financial Statements and adopted budget of the Village. The above summary itself is not audited.

State Aid. The Village receives financial assistance from the State. State Aid accounted for approximately 15.9% of the General Fund revenue of the Village, excluding other financing sources, in the 2018 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. 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 Village, in any year or future years, the Village 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 Village, 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 Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “Market Factors,” herein.)

The following table sets forth General Fund revenue and State aid revenue received for each of the past five audited fiscal years and the amount budgeted for the most recent fiscal year.

General Fund Revenue & State Aid Revenue

Fiscal Year Ended May 31:	Total Revenue ⁽¹⁾	State Aid	State Aid to Revenue
2014	\$2,555,110	\$252,449	9.9%
2015	2,657,627	234,754	8.8
2016	2,618,699	188,894	7.2
2017	2,739,450	246,161	9.0
2018	3,178,632	508,440	15.9
2019 (Budget – As Adopted) ⁽²⁾	2,978,990	203,864	6.8

- (1) Total revenues are exclusive of other financing sources.
- (2) Excludes the appropriation of fund balance (\$197,000 for 2018-19).

Source: The audited financial Statements and adopted budget of the Village. The above summary itself is not audited.

Sales Tax. The Village does not receive a share of the County’s collection of sales tax. The County levies a sales and use tax computed at 4.00%. The County retains 85.5% of the tax receipts with 11.5% distributed to the City of Kingston and 3% distributed to the towns in the County on a full valuation basis. In August 2005, the County received

approval from New York State to continue the additional sales tax rate of one percent (above the base rate) previously authorized by Chapter 200 of the Laws of 2002 for an additional period of twenty-four months to expire November 2009. This authorization was again extended and will now expire on November 30, 2020.

REAL PROPERTY TAXES

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village.

Assessed and Full Valuations

Taxable Assessed and Full Valuations Fiscal Year Ending May 31:

Assessment Roll					
Date:	07/01/13	07/01/14	07/01/15	07/01/16	07/01/17
Tax Levy Year:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxable Assessed Valuation	\$298,609,005	\$299,848,633	\$301,303,396	\$301,597,531	\$301,441,113
State Equalization Rate	100.00%	100.00%	101.00%	100.00%	100.00%
Full Valuation	\$298,609,005	\$299,848,633	\$298,320,194	\$301,597,531	\$301,441,113

Source: The Statement of Constitutional Tax Limit for the fiscal year ending May 31, 2019.

Tax Collection Procedures

Tax Collection. The collection and enforcement of real property taxes is governed by the Real Property Tax Law of the State.

The Village is responsible for levying, collecting and enforcing its own real property taxes. Village taxes are payable on June 1 and, if not paid on or before July 1, a 5% interest penalty is charged for the first month and a 1% per month (or any portion thereof) penalty is added thereafter. Tax liens are issued each year for all taxes remaining unpaid as of March.

Town and County taxes levied against real property in the Village are collected by the Town. Town and County taxes may be paid in two installments; however, any tax paid after January 31 is subject to penalty. School district taxes are collected by a school district tax collector and are payable on September 1. Such taxes may be paid without penalty on or before September 30. All delinquent taxes are returned to the County for enforcement. By law, the County must remit the full amount of unpaid taxes to both the Town and School District.

Tax Enforcement. Unpaid real property taxes are enforced through annual tax sales held pursuant to Title 3, Article 14 of the Real Property Tax Law. Under such provisions of law, the Village Treasurer is required to publish a notice of the tax sale once a week for three consecutive weeks with the last publication occurring not later than March 10th. The notice shall include a description of real property upon which taxes are unpaid, together with the amount of unpaid tax, the accrued interest and other charges due thereon. In addition, the notice shall state that the real property shall be sold at public auction on the date specified in the notice. Purchasers of the tax liens issued for unpaid Village taxes may bring an action in State Supreme Court or County Court for foreclosure two years after the lien certificate has been issued. Property owners may redeem tax liens certificates by paying all amounts due to the Village Treasurer for the benefit of the lien holder, prior to the filing of the notice of pendency of an action to foreclose the lien or prior to the conveyance of the property to the lien holder.

The following table sets forth the Village's gross tax levies and the current tax collection record.

<u>Tax Rates and Tax Levy</u>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Rate ⁽¹⁾	\$4.90	\$4.95	\$4.95	\$4.92	\$4.91
Real Property Tax Levy:					
General Fund Purposes	\$1,462,604	\$1,484,044	\$1,491,283	\$1,482,363	\$1,480,800
Relevied Water Charges	5,546	1,351	1,599	1,976	3,669
Relevied Sewer Charges	4,689	1,148	1,305	1,587	3,424
Snow Removal				1,129	2,399
Tax Breakage					(121)
	<u>\$1,472,839</u>	<u>\$1,486,453</u>	<u>\$1,494,187</u>	<u>\$1,487,055</u>	<u>\$1,490,171</u>

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

Source: Village Officials.

<u>Collection Record</u>			
Fiscal Years Ended May 31:	Taxes Levied For Year ⁽¹⁾	Current Taxes Collected	Current Taxes To Levy
2015	\$1,472,839	\$1,472,823	100.00%
2016	1,486,453	1,486,453	100.00
2017	1,494,188	1,493,204	99.93
2018	1,487,055	1,487,055	100.00
2019 ⁽²⁾	1,490,167	1,480,736	99.36

(1) Inclusive of relevied water and sewer charges (as noted in previous table).

(2) Reflects collections as of February 16, 2019.

Source: Village Officials.

Constitutional Tax Margin

Constitutional Tax Margin For the Fiscal Year Ending May 31, 2019

Average Full Valuation of Taxable Real Property (2015 - 2019)	<u>\$ 299,963,295</u>
Constitutional Tax Limit (2% of Average Full Valuation)	<u>5,999,266</u>
Tax Levy	<u>1,480,800</u>
Less Exclusions From Tax Limit:	
Debt Service	<u>953,687</u>
Tax Levy Subject to Limit	<u>527,113</u>
Tax Margin	<u>\$ 5,472,153</u>
Margin/Limit	<u>91.21%</u>

Source: The Statement of Constitutional Tax Limit for the fiscal year ending May 31, 2019.

Ten of the Largest Taxpayers

The following table set forth the Village's larger taxpayers as shown on the roll used to levy real property taxes for the collection of 2018-19 taxes.

For The Collection of Fiscal Year 2018-19 Taxes

<u>Taxpayer ⁽¹⁾</u>	<u>Classification</u>	<u>Assessed Value</u>	<u>Percent of Total Tax Levy</u>
New Paltz Estates LP	Apartments	\$ 8,075,000	2.68%
SouthSide Associates, LP	Apartments	5,440,000	1.81
Victorian Square LLC	Apartments	5,872,000	1.95
New Paltz Investors LLC	Apartments	3,589,100	1.19
Windsor Court Associates	Apartments	2,500,000	0.83
Yachats	Apartments	1,936,100	0.64
Interzone Inc.	Apt/Restaurant	1,396,100	0.46
Water Street Market LLC	Shopping Center	1,300,000	0.43
Niche Properties II LLC	Apartments	1,215,400	0.40
PPA of Hudson Valley Inc	Shopping Center	1,187,500	0.39
		<u>\$ 32,511,200</u>	<u>10.79%</u>

(1) Taxable assessed values for the year ending May 31, 2019 are \$301,441,113

VILLAGE INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (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 Village and its obligations.

Purpose and Pledge. Subject to certain enumerated exceptions, the Village 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 Village may contract indebtedness only for a Village 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 Village determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The Village 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 Village has the power to contract indebtedness for any Village 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 Village, 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.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Bonds. Further, the New York Constitution prohibits the State Legislature from restricting the power of the Village to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the Village’s power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Bonds. See “Legal Matters,” “Market Factors” and “Tax Levy Limit Law,” herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Village 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 Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village 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 Village Board of Trustees, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Village Board of Trustees.

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. As of the date of the preliminary official statement, the Village has not completed such procedure for the validation of the bond resolutions adopted in connection with the Bonds. Such procedure will be completed prior to the closing of the Bonds.

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”).

In addition, under each bond resolution, the Village Board of Trustees may delegate the power to issue and sell bonds and notes to the Treasurer, the chief fiscal officer of the Village.

In general, the Local Finance Law contains similar provisions providing the Village 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 Village, 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 Village is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit,” herein). See “Tax Levy Limit Law” herein.

The Village 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 Village purposes.

The following table sets forth the Village’s debt-contracting limitation.

**Computation of Debt Contracting Limitation
As of March 2, 2019**

For Fiscal Year Ended May 31:	Assessed Valuations ⁽¹⁾	Equalization Rate ⁽²⁾	Full Valuations ⁽¹⁾
2015	\$298,609,005	100.00%	\$ 298,609,005
2016	299,848,633	100.00	299,848,633
2017	301,303,396	101.00	298,320,194
2018	301,597,531	100.00	301,597,531
2019	301,441,113	100.00	<u>301,441,113</u>
Total Five-Year Full Valuation			<u>\$ 1,499,816,476</u>
Five-Year Average Full Valuation			<u>\$ 299,963,295</u>
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			<u><u>\$ 20,997,430</u></u>

(1) As reported on the Statement of Constitutional Tax Limit for the fiscal year ending May 31, 2019.
(2) Final rates as established by the ORPTS.

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Statutory Debt Limit and Net Indebtedness

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

Statutory Debt Limit and Net Indebtedness - As of March 2, 2019

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation	<u>\$ 20,997,430</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds	1,140,000	5.42
Bond Anticipation Notes	<u>6,082,680</u>	<u>28.96</u>
Total Gross Debt	<u>7,222,680</u>	<u>34.39</u>
Less Exclusions:		
Current Unexpended Appropriations for Principal Debt Service (Non-Exempt) Water Indebtedness ⁽¹⁾ :		
Bond Anticipation Notes	<u>4,737,000</u>	<u>22.56</u>
Total Exclusions	<u>4,737,000</u>	<u>22.56</u>
Net Indebtedness	<u>2,485,680</u>	<u>11.84</u>
Debt-Contracting Margin	<u><u>\$ 18,511,750</u></u>	<u><u>88.16%</u></u>

(1) Exempt under Article VIII Section 5(b) of the State Constitution.

Bond Anticipation Notes

The Village currently has the following bond anticipation notes outstanding.

<u>Original Issue Date</u>	<u>Purpose</u>	<u>Amount</u>
06-19-13	Water Tank	(2) \$ 637,000
11-25-14	Purchase of Fire Truck	(2) 139,956
09-22-15	Purchase of Land	(2) 475,000
05-02-16	Improvements-Water Filtration Plant	(2) 250,000
9-21-16	Purchase of Fire Truck	(2) 180,724
12-02-16	Sewer Improvements	(2) 400,000
04-10-18	Water System Improvements	(1) 3,850,000
09-19-18	Installation of Storm Sewers	(2) <u>150,000</u>
		<u><u>\$ 6,082,680</u></u>

(1) Matures on April 10, 2019. To be permanently financed at maturity with proceeds of the Bonds (see "Authority for and Purpose of the Bonds," herein).

(2) Matures on September 18, 2019. The Village intends to renew such outstanding notes at maturity.

Tax and Revenue Anticipation Notes

The Village's cash flow has been sufficient to meet its operating requirements; accordingly, the Village has not required the issuance of revenue anticipation notes or tax anticipation notes.

Trend of Capital Debt

Debt History

Fiscal Year Ended May 31:	Bonds	Bond Anticipation Notes	Total
2014	\$1,675,000	\$1,862,559	\$3,537,559
2015	1,580,000	2,056,956	3,636,956
2016	1,480,000	2,344,956	3,824,956
2017	1,370,000	3,388,680	4,758,680
2018	1,260,000	6,675,680	7,935,680

Source: The audited financial statements of the Village (for 2014 through 2018) and Village officials.

Overlapping and Underlying Debt

**Statement of Direct and Overlapping Indebtedness
As of March 2, 2019**

Gross Direct Indebtedness	\$7,222,680
Exclusions and Deductions	<u>4,737,000</u>
Net Direct Indebtedness	<u>\$2,485,680</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Applicable Net Overlapping Debt</u>
County ⁽¹⁾	10-29-18	\$86,374,965	2.09%	\$1,805,237
Town	12-31-17	1,728,947	24.01	415,120
New Paltz CSD	02-02-19	46,099,300	14.10	<u>6,500,001</u>
Total				<u><u>\$8,720,358</u></u>

(1) Excludes \$7,281,552 in budgetary appropriations.

Source: Data provided by municipal officials, the Office of the State Comptroller, and Official Statements obtained from the Municipal Securities Rulemaking Board.

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Debt Ratios

The following table sets forth certain debt ratios based upon the Village's direct and overlapping debt.

Direct and Overlapping Debt Ratios As of March 2, 2019

	Amount	Debt Per Capita ⁽¹⁾	Debt To Full Value ⁽²⁾
Net Direct Debt	\$ <u>2,485,680</u>	\$353	0.82%
Net Direct and Overlapping Debt	11,206,038	1,592	3.72

(1) The population of the Village is 7,040 according to 2017 estimated US Census data.

(2) The full valuation of the Village for the fiscal year ending May 31, 2019 is \$301,441,113.

Authorized But Unissued Debt

The Village issues debt from time to time to finance various capital improvement needs.

After the issuance of the Bonds, the Village will have \$50,000 in authorized but unissued debt in connection with a \$200,000 bond resolution for the installation of storm sewers. It has not been determined if the authorization will be utilized by the Village.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Village's outstanding general obligation bonded indebtedness, excluding the Bonds.

Schedule of Debt Service Requirements

Ending May 31:	Principal	Interest	Total	Cumulative % Principal Paid
2019 ⁽¹⁾	\$ 120,000	\$ 49,500	\$ 169,500	9.52%
2020	125,000	44,447	169,447	19.44
2021	125,000	39,291	164,291	29.37
2022	135,000	33,928	168,928	40.08
2023	140,000	28,256	168,256	51.19
2024	145,000	22,378	167,378	62.70
2025	150,000	16,294	166,294	74.60
2026	160,000	9,900	169,900	87.30
2027	160,000	3,300	163,300	100.00
	\$ 1,260,000	\$ 247,294	\$ 1,507,294	

(1) As of February 16, 2019, the Village has paid \$120,000 in principal and \$25,988 in interest due on serial bonds for the fiscal year ending May 31, 2019.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>2000-2010</u>	<u>2010-2017</u>
Village	6,034	6,818	7,040	13.0%	3.3%
Town	12,830	14,003	14,124	9.1	0.9
County	177,749	182,493	180,129	2.7	(1.3)
State	18,976,457	19,378,102	19,798,228	2.1	2.2

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

Income

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Village	\$15,857	\$17,782	12.1%
Town	26,846	29,475	9.8
County	28,954	32,453	12.1
State	30,948	35,752	14.9

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

Median Income of Families 2017

	<u>Median</u> <u>Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under</u> <u>\$25,000</u>	<u>\$25,000</u> <u>-49,999</u>	<u>\$50,000</u> <u>-74,999</u>	<u>\$75,000</u> <u>-99,999</u>	<u>\$100,000</u> <u>Or More</u>
Village	\$95,208	7.5%	9.3%	17.1%	18.5%	47.7%
Town	101,000	7.3	10.6	13.6	18.0	50.5
County	77,336	10.6	19.0	18.9	14.3	37.1
State	77,141	14.6	18.1	16.1	13.1	38.1

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

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Employment

The table below provides certain information about the level of jobs in the County and State. Unemployment rates for the County, State and United States are also presented below. Such rates are provided for informational purposes only and are not necessarily representative of the employment conditions in the Village.

Average Employed Civilian Labor Force 2000-2017

	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2017</u>
County	84,900	86,300	84,800	1.6%	(1.7)%
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	5.7%	6.3%	6.2%
2015	4.9	5.3	5.3
2016	4.4	4.8	4.9
2017	4.6	4.7	4.4
2018:	4.1	4.2	3.9

(1) Monthly rates.

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

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

Name of Organization	Industry or Business
1,000+ Employees:	
County of Ulster	Government
State Correctional Facilities	Correctional Services
SUNY New Paltz	Educational Services
500 – 999 Employees	
Bank of America, N.A.	Financial Services
Benedictine Hospital	Health Services
Kingston Hospital	Health Services
Mohonk Mountain House	Resort / Hotel
SUNY Ulster	Educational Services
Wal-Mart	Retail – All
250 – 499 Employees	
BOCES	Educational Services
City of Kingston	Government
Hudson Valley Resort and Spa	Resort / Hotel
Kingston Consolidated School District	Educational Services
Northeast Center for Special Care	Health Services
Ten Broeck Commons	Health Services
The Fallsview	Resort / Hotel
Ulster Savings / Ryan Insurance	Financial / Insurance Services
Hannaford	Retail - Grocery

Source: Ulster County Development Corporation and Commerce Register Inc.

Financial Institutions

There are numerous banking facilities available to residents of the Village. Commercial banks located within or adjacent to the Village include branch offices of Bank of America, JPMorgan Chase Bank, M&T Bank, Salisbury Bank and Trust, and Wells Fargo Bank. A branch of the Ulster Savings Bank is also located in the Village. Total deposits of the banks located in the Village were approximately \$482 million as of June 30, 2018, according to the Federal Deposit Insurance Corporation.

Transportation

The Village is served by a network consisting of all major forms of transportation. Several primary State and U.S. highways provide access to the Village, including the New York State Thruway which runs nearby to the Village. Passenger rail service is provided by the Metro North Railroad with a station in nearby Poughkeepsie. Bus service is provided by Trailways. Air transportation is available at Stewart International Airport in Newburgh (20 miles south) as well as the New York metropolitan airports (about 90 miles south of the Village) and Albany County Airport (70 miles north).

Utilities

The residents of the Village receive electric and natural gas services from Central Hudson Gas & Electric Company. Water supply and sewerage collection and treatment are provided by the Village. Residents of the Village are charged for these services through rental charges billed on a quarterly basis. Telecommunication services are provided primarily by Verizon.

Communications

The Village is served by the metropolitan New York newspapers, radio stations and television stations. In addition, various local and regional newspapers and radio stations serve residents of the Village. Cable television and other communication services are provided by a private cable company.

Educational and Medical Institutions

Educational. The New Paltz campus of the State University of New York and Ulster Community College provide programs of higher education. Primary and secondary education is provided by the New Paltz Central School District.

Medical. Acute care hospital services in Ulster County are provided by Benedictine Hospital (222 beds), Kingston Hospital (190 beds) and Ellenville Community Hospital (51 beds). Long-term care is provided by Hudson Valley Nursing Home and New Paltz Nursing Home. In addition, Village residents may utilize the facilities of Vassar Brothers Hospital and St. Francis Hospital in Poughkeepsie, which is located approximately 15 miles east of the Village.

Housing Data

Housing Stock 2000-2017

	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Village	1,957	1,951	2,287	(0.3)%	17.2%
Town	4,679	4,877	5,138	4.2	5.4
County	77,656	83,638	84,647	7.7	1.2
State	7,679,307	8,108,103	8,255,911	5.6	1.8
	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Village	1,957	1,951	2,287	(0.3)%	17.2%
Town	4,679	4,877	5,138	4.2	5.4
County	77,656	83,638	84,647	7.7	1.2
State	7,679,307	8,108,103	8,255,911	5.6	1.8

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

Median Housing Values and Rents 2017

	% Constructed 2010-2017	Median Value Owner Occupied Units	Median Rent Renter Occupied Units	Occupancy Status		
				Owner Occupied	Renter Occupied	Vacant
Village	5.3%	\$270,800	\$1,212	22.5%	60.1%	17.4%
Town	3.5	304,000	1,217	49.4	37.0	13.6
County	1.8	221,600	1,053	57.1	25.2	17.7
State	1.7	293,000	1,194	47.8	40.7	11.5

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

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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VILLAGE OF NEW PALTZ
BALANCE SHEET
GENERAL FUND
(UNAUDITED PRESENTATION)

AS OF MAY 31:

	2014	2015	2016	2017	2018
ASSETS					
Cash and Equivalents	\$ 288,103	\$ 373,653	\$ 215,704	\$ 215,741	\$ 146,979
Investments	1,026,326	805,835	871,976	1,214,465	1,231,522
Taxes Receivable (net)	3,971	3,971	1,553	1,586	1,586
Other Receivables:					
Accounts (net)	13,461	17,551	15,167	15,117	16,089
State and Federal Aid	40,345	0	38,132	45,646	50,092
Due From Other Funds	1,528	1,528	1,528	1,528	0
 Total Assets	 \$ 1,373,734	 \$ 1,202,538	 \$ 1,144,060	 \$ 1,494,083	 \$ 1,446,268
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 32,779	\$ 82,531	\$ 45,295	\$ 71,264	\$ 55,008
Accrued Liabilities	68,354	68,898	40,880	39,230	27,319
Due To Other Funds	66	66	66	66	0
Bond Interest and Matured Bonds Payable	2,749	2,749	2,749	2,749	2,749
Deferred Tax Revenues	0	0	0	0	0
 Total Liabilities	 103,948	 154,244	 88,990	 113,309	 85,076
 Deferred Inflows of Resources					
Deferred Tax Revenues	3,971	3,971	1,553	1,586	1,586
 Total Liabilities and Deferred Inflows of Resources	 107,919	 158,215	 90,543	 114,895	 86,662
 Fund Balance:					
Restricted	369,193	148,473	213,709	553,419	663,016
Assigned	243,697	223,160	245,000	200,000	197,000
Unassigned	652,925	672,690	594,808	625,769	499,590
 Total Fund Balance	 1,265,815	 1,044,323	 1,053,517	 1,379,188	 1,359,606
 Total Liabilities and Fund Balance	 \$ 1,373,734	 \$ 1,202,538	 \$ 1,144,060	 \$ 1,494,083	 \$ 1,446,268

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

Such presentation, however, has not been audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF NEW PALTZ
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND
UNAUDITED PRESENTATION

	FISCAL YEAR ENDED MAY 31:				
	2014	2015	2016	2017	2018
REVENUES:					
Real Property Taxes	\$ 1,498,494	\$ 1,463,146	\$ 1,488,084	\$ 1,490,299	\$ 1,483,122
Other Tax Items	60,219	64,686	80,119	83,026	93,444
Non-Property Taxes	78,293	79,209	72,396	82,643	84,888
Departmental Income	468,313	559,990	566,810	615,537	671,461
Use Of Money And Property	802	8,474	24,303	38,907	114,770
Licenses And Permits	2,600	4,276	8,089	12,918	14,121
Fines and Forfeitures	149,314	198,388	153,691	141,755	148,463
Sale of Property and Compensation For Loss	657	2,573	727	1,013	14,316
State Aid	252,449	234,754	188,894	246,161	508,440
Federal Aid	38,387	39,152	23,448	0	15,268
Miscellaneous	5,582	2,979	12,138	27,191	30,339
Total Revenues	<u>2,555,110</u>	<u>2,657,627</u>	<u>2,618,699</u>	<u>2,739,450</u>	<u>3,178,632</u>
EXPENDITURES:					
Current:					
General Government Support	794,741	801,704	822,615	821,229	867,858
Public Safety	512,240	570,433	556,589	499,211	622,503
Transportation	410,873	387,219	283,318	335,799	350,359
Economic Opportunity & Develop.	525	1,300	7,200	11,975	4,875
Culture And Recreation	28,319	41,936	24,379	24,239	28,430
Home And Community Services	152,425	156,889	237,322	233,384	495,547
Employee Benefits	505,864	563,707	577,679	582,517	525,608
Debt Service	2,382	4,931	8,403	26,159	30,034
Total Expenditures	<u>2,407,369</u>	<u>2,528,119</u>	<u>2,517,505</u>	<u>2,534,513</u>	<u>2,925,214</u>
Excess of Revenues Over Expenditures	<u>147,741</u>	<u>129,508</u>	<u>101,194</u>	<u>204,937</u>	<u>253,418</u>
OTHER FINANCING SOURCES (USES):					
Sale of Property and					
Compensation for Loss	0	0	0	0	0
Operating Transfers - In	125,185	70,000	70,000	80,000	90,000
Operating Transfers - Out (a)	<u>(121,245)</u>	<u>(421,000)</u>	<u>(162,000)</u>	<u>(287,000)</u>	<u>(363,000)</u>
Total Other Financing Sources (Uses)	<u>3,940</u>	<u>(351,000)</u>	<u>(92,000)</u>	<u>(207,000)</u>	<u>(273,000)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	151,681	(221,492)	9,194	(2,063)	(19,582)
Fund Balances - Beginning - of Year	244,047	1,265,815	1,044,323	1,053,517	1,379,188
Prior Period Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>327,734</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 395,728</u>	<u>\$ 1,044,323</u>	<u>\$ 1,053,517</u>	<u>\$ 1,379,188</u>	<u>\$ 1,359,606</u>

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

Such presentation, however, has not been audited. Complete copies of the Village's audited financial statements are available upon request to the Village.

VILLAGE OF NEW PALTZ
BUDGET FOR OPERATING FUNDS (1)
YEAR ENDING MAY 31, 2019

	General Fund	Water Fund	Sewer Fund
	<u> </u>	<u> </u>	<u> </u>
ESTIMATED REVENUES:			
Real Property Taxes	\$ 1,480,800	\$ 0	\$ 0
Non-Property Tax Items	90,000	0	0
Other Tax Items	107,050	0	0
Departmental Income	359,800	697,689	599,841
Intergovernmental Charges	325,572	696,897	623,810
Use Of Money and Property	7,000	3,000	1,000
Licenses And Permits	14,500	0	0
Fines and Forfeitures	225,000	0	0
Sale Of Property and Compensation For Loss	11,000	10,000	2,000
Interfund Revenues	154,404	0	0
State Aid	203,864	0	0
Federal Aid	0	0	0
Miscellaneous	5,000	0	0
	<u>2,983,990</u>	<u>1,407,586</u>	<u>1,226,651</u>
APPROPRIATIONS:			
Current:			
General Government Support	\$ 814,493	66,500	86,500
Public Safety	636,038	0	0
Health	120	0	0
Transportation	318,663	0	0
Economic Assistant and Opportunity	5,000	5,000	8,000
Culture and Recreation	45,579	0	0
Home and Community Services	231,113	901,815	612,249
Employee Benefits	645,238	169,636	169,636
Debt Service	419,746	448,708	213,500
	<u>3,115,990</u>	<u>1,591,659</u>	<u>1,089,885</u>
Total Appropriations	<u>3,115,990</u>	<u>1,591,659</u>	<u>1,089,885</u>
Excess of Revenues Over Expenditures	<u>(132,000)</u>	<u>(184,073)</u>	<u>136,766</u>
OTHER FINANCING SOURCES (USES):			
Budgetary Provisions for Other Uses	(60,000)	(5,375)	0
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	(52,000)	(270,000)
	<u>(60,000)</u>	<u>(57,375)</u>	<u>(270,000)</u>
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(57,375)</u>	<u>(270,000)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ <u>(192,000)</u>	\$ <u>(241,448)</u>	\$ <u>(133,234)</u>

(1) Budget as adopted.

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APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2018**

**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/ES1372544.pdf>

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. PKF O’Connor Davies, LLP has not been requested by the Village to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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