

## PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2019

### NEW ISSUE (SERIAL) BONDS

Ratings: See "Rating" herein

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

*The Bonds WILL NOT be designated by the County as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

## COLUMBIA COUNTY, NEW YORK

**\$8,600,000**

### **PUBLIC IMPROVEMENT (SERIAL) BONDS, 2019 SERIES B** (the "Bonds")

**Date of Issue:** Date of Delivery

**Maturity Dates:** June 15, 2020-2041

The Bonds are general obligations of the County of Columbia, New York (the "County"), and will contain a pledge of the faith and credit of the County for the payment of the principal of and interest on the Bonds 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 County, *subject to applicable statutory limits.* (See "The Tax Levy Limit Law" herein).

The Bonds will be subject to optional redemption prior to maturity (see "Optional Redemption" herein).

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

The Bonds will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

The Bonds will be dated their date of delivery and will bear interest from that date until maturity at the annual rate or rates as shown on the inside cover page hereof, payable on December 15, 2019 and semiannually thereafter on each June 15 and December 15 until maturity. The Bonds will mature annually on June 15 in each year until maturity, as shown on the inside cover page hereof.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Orrick Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June 25, 2019 in New York, New York.

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

Dated: June \_\_, 2019

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

The Bonds will mature on June 15 in each year, subject to optional redemption, as set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP***</u>
2020	\$250,000				2031**	\$395,000			
2021	265,000				2032**	405,000			
2022	275,000				2033**	415,000			
2023	290,000				2034**	430,000			
2024	305,000				2035**	440,000			
2025	320,000				2036**	455,000			
2026	340,000				2037**	470,000			
2027	355,000				2038**	485,000			
2028**	370,000				2039**	505,000			
2029**	375,000				2040**	525,000			
2030**	385,000				2041**	545,000			

\* The principal maturities of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Bond Sale to achieve substantially level or declining annual debt service as provided in the Local Finance Law.

\*\* The Bonds maturing in the year 2028 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "Optional Redemption" herein.

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

# **COLUMBIA COUNTY, NEW YORK**

## **BOARD OF SUPERVISORS**

**Matt Murell**  
**Chairman**

Arthur Bassin	Abdus Miah
Robert Beaury	Matt Murell
Mike Benvenuto	Linda Mussmann
Michael Chamedes	Jeffrey Nayer
Peter Cipkowski	John Reilly
Kathleen Eldridge	Richard Scalera
Patrick Grattan	Ryan Skoda
Jim Guzzi	Raymond Staats
Richard Keaveney Sr.	Sarah Sterling
Ronald Knott	Colleen Teal
Robert Lagonia	Clifford “Kippy” Wielgelt
Maria Lull	

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Paul J. Keeler, *County Treasurer*  
Holly Tanner, *County Clerk*  
Robert Fitzsimmons, *County Attorney*  
Ronald Caponera, *County Controller*

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## **BOND COUNSEL**

**ORRICK HERRINGTON & SUTCLIFFE LLP**

**New York, New York**

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## **MUNICIPAL ADVISOR**



**CAPITAL MARKETS ADVISORS, LLC**

***Long Island \* Hudson Valley \* Southern Tier \* Western New York***

**(917) 439-3078**

No dealer, broker, salesman or other person has been authorized by the County 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds 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 County 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 County since the date hereon.

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# OFFICIAL STATEMENT

of the

## COUNTY OF COLUMBIA, NEW YORK

relating to

**\$8,600,000**

### **PUBLIC IMPROVEMENT (SERIAL) BONDS, 2019 SERIES B (the "Bonds")**

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the County of Columbia, in the State of New York (the "County" and "State", respectively), in connection with the sale of \$8,600,000 Public Improvement (Serial) Bonds, 2019 Series B (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and Laws of the State and acts and proceedings of the County 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 County relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

## **THE BONDS**

### ***Description***

The Bonds are dated their date of delivery and will bear interest from such date until maturity at the annual rate or rates as specified on the inside cover page hereof, payable on December 15, 2019, and semiannually thereafter on each June 15 and December 15 in each year until maturity. The Bonds will mature annually on June 15 in each year until maturity, as specified 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 as registered bonds, registered to the Depository Trust Company ("DTC").

The Bonds will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

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

### ***Authority for and Purpose of Issue***

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the County Law, the Local Finance Law and a bond resolution duly adopted by the County Board of Supervisors on May 9, 2018 for the objects or purposes listed below. A portion of the proceeds from the sale of the Bonds in the amount of \$5,200,000, together with \$150,000 in available funds, will be used to redeem the County's 2018 B Notes at maturity. A portion of the proceeds from the sale of the Bonds in the amount of \$3,400,000 will be used to provide original or additional original financing for certain purposes as reflected below. The Bonds are being issued for the following purposes:

<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount to Bonds</u>
1 Reconstruction of Roads	\$500,000	\$14,019	\$0	\$485,981
2 Improvements to Bridge	2,000,000	56,075	0	1,943,925
3 Acquisition of Land and a Building in Commerce Park	81,111	2,274	0	78,837
4 Improvements to Building in Commerce Park	1,168,889	32,773	0	1,136,116
5 Improvements to Columbia Greene Community College	1,600,000	44,859	3,400,000	4,955,141
Totals:	\$5,350,000	\$150,000	\$3,400,000	\$8,600,000

### ***Optional Redemption of the Bonds***

The Bonds maturing on or before June 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2028 will be subject to redemption prior to maturity, at the option of the County, on any date on or after June 15, 2027, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

### ***Nature Of Obligation***

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

Holders of any series of notes or bonds of the County 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 County and will contain a pledge of the faith and credit of the County 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 County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County 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 County's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Levy Limitation Law," herein.

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

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

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

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

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

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

obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

### ***Book-Entry System***

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

DTC 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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



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.

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 County 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).

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 County, 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 County, 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 County, 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 County. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

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

THE COUNTY 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 COUNTY 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.

## **SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the County and the holder thereof. Under current law, provision is made for contract creditors of the County 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 County 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 County may not be enforced by levy and execution against property owned by the County.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the 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.

**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 shortterm 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 County.

**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.

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

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

**Default Litigation.** In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, 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 County indebtedness is past due. The County has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE**

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

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any 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 County. Any such future legislation would 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 County, school districts, and fire districts in the State could have an impact upon operations of the County and as a result, the market price for the Bonds. (See "Tax Levy Limitation Law," herein.)

### ***Cybersecurity***

The County, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. To mitigate the risks of impact on the County operations and/or damage from cyber incidents or cyber-attacks, the County has invested in cybersecurity and other operational controls. While the County continues to review its policies and practices in this regard, there can be no assurances that such security and operational control measures will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any the potential impact of pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected expresses no opinion.

## **LEGAL MATTERS**

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

## **LITIGATION**

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County. The County has received significant amounts of Federal and State grants for specified purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Any such disallowances will be a reduction of revenue in the year the disallowances are finally determined.

The County is uninsured with respect to potential environmental hazards created or existing on and after September 1, 1981 with respect to the operations, maintenance and closure of approximately twelve landfill sites within the County of Columbia. The County has maintained reserves against future closure costs and other expenses to be incurred with respect to such landfill sites. Nevertheless, the potential financial responsibility of the County with

respect to such sites is unknown and environmental hazards resulting in ecological damage could negatively impact the financial condition of the County.

## **DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the County has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated June 13, 2019 of the County relating to the Bonds under the headings “LITIGATION” and all Appendices (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2018, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2018; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the County of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the County of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the County; (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Bond holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County 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 County, 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 County.

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

(3) in a timely manner, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The County reserves the right to terminate its obligation to provide the aforescribed notices, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The County 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 interest in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County obligations under its event notices undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County provided that, the County agrees that any such modification will be done in a manner consistent with the Rule.

For the fiscal years ending December 31, 2013 through December 31, 2015, the County did not file tables entitled “Constitutional Tax Limit” and “Appendix B—Full Value Calculations” required by the Continuing Disclosure Agreements of the \$9,300,000 Public Improvement (Serial) Bonds, 1998 (the “1998 Bonds”) and \$7,525,000 Public Improvement (Serial) Bonds, 2007 (the “2007 Bonds”). The County became aware of this deficiency on January 28, 2019 and filed this information with EMMA on February 6, 2019. This information was required by expired continuing disclosure agreements; the County is no longer required to file such information and has been in compliance subsequent to the fiscal year ending December 31, 2015.

## **RATING**

The County has applied to Moody’s Investors Service, Inc. (“Moody’s”) for a rating on the Bonds. Such application is pending at this time.

On January 15, 2019, Moody’s assigned an underlying rating of “Aa3” to the uninsured, outstanding bonded indebtedness of the County.

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center, 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.



## **MUNICIPAL ADVISOR**

Capital Markets Advisors, LLC has acted as Municipal Advisor to the County in connection with the sale of the Bonds. 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, and 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 County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds. Orrick, Herrington & Sutcliffe LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including this Official Statement.

## **ADDITIONAL INFORMATION**

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the County, except as expressed in the calculation of estimated "Overlapping and Underlying Debt", herein.

Additional information may be obtained from Mr. Paul J. Keeler, County Treasurer, 15 N. 6<sup>th</sup> Street, Hudson, New York, (518) 828-0513 or from the County's Municipal Advisor, Capital Markets Advisors, LLC at (917) 439-3078.

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

This Official Statement has been prepared only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

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

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

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

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://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 County nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the County 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 County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement has been duly executed and delivered by the County Treasurer.

COUNTY OF COLUMBIA, NEW YORK

By: \_\_\_\_\_  
Paul J. Keeler  
County Treasurer

DATED: June \_\_, 2019

**APPENDIX A**

**THE COUNTY**

## THE COUNTY

### *General Information*

The County, with a land area of 643 square miles and an estimated population of 61,481 (Source: 2013-2017 American Community Survey 5-Year Estimate, U.S. Census Bureau), is located in east-central New York State and extends from the Hudson River on the west to the Massachusetts border on the east between the Counties of Dutchess and Rensselaer. While major portions of the County are rural and agricultural in character, the County includes the City of Hudson and its surrounding area, which serve as the commercial, industrial and governmental hub of the County. The leading products manufactured in the County include plastics, furniture and fixtures, building products, paper products, and a cement storage plant which is located just south of the City of Hudson. Agricultural products include dairy, poultry, livestock and fruit production. The County is also a haven for passive recreation enthusiasts from the New York City region.

Transportation facilities include rail passenger service by Amtrak, rail freight transportation by Conrail and major highways which include the Berkshire Spur of the New York State Thruway system, the Taconic State Parkway, New York State Routes 9, 9G, and 9H along with numerous County highways. Air transportation is available at nearby Albany County Airport, along with business flights from the local Columbia County airport.

### *Form of Government*

In New York State, local government services are generally provided by counties, cities, towns and villages. The County provides law enforcement services, economic assistance, health and nursing services, maintains county roads, co-sponsors a joint community college and provides numerous other services. The County Board of Supervisors is the main policy making body of the County. It has the power to levy taxes, adopt the County budget, make appropriations and adopt local laws. The County Board of Supervisors is a 23 member body consisting of one Supervisor from each of the 18 towns and one Supervisor from each of the five wards in the City of Hudson. Voting strength of each Supervisor is weighted to reflect population of that constituency. Supervisors are elected at large, within the area they represent, for two or four year terms in November of a given year. Annually, the Board of Supervisors elects a chairman from among its members. The Chairman of the Board of Supervisors is the chief executive officer who also acts on behalf of the County Board of Supervisors. The County Treasurer, who is elected at large within the County for a four year term, is the chief fiscal officer of the County. The County Treasurer maintains the fiscal records, is responsible for receipt of, depositing of and disbursing of all funds of the County and issuance of bonds and notes of the County. The other administrative officials of the County, including the County Attorney, County Controller/Auditor, Compliance Office, Budget Officer, Clerk of the Board and the various Commissioners, are appointed by the County Board of Supervisors. Other elected administrative officials of the County include the County Clerk, the District Attorney and the Sheriff, all elected to four year terms.

### *Employees*

The County provides services through 637 full-time and 239 permanent part-time employees, some of whom are represented by the following units of organized labor:

**Table 1**  
**Employees**

<u>Number of</u> <u>Employees</u>	<u>Organization</u>	<u>Contract</u> <u>Expiration Date</u>
587	United Public Service Employees-Union Local	12/31/2021
57	Columbia County Sheriffs Benevolent Assoc.	12/31/2019
53	Columbia County Correctional Officers Benevolent Assoc.	12/31/2019
168	Managerial/Part-Time	N/A
11	911 Dispatchers	12/31/2021

***Pine Haven Home***

The County previously operated the 120-bed Pine Haven Nursing Home (“Nursing Home”). Effective July 1, 2016, ownership of the Nursing Home changed from the County to Premier Health Care with approval from the New York State Department of Health. The proceeds of the sale were used to reimburse the General Fund.

Prior to the sale, the County had budgeted and made subsidy payments and loans from the General Fund to the Nursing Home. The loans primarily covered debt service, if any, the employee’s share of New York State Retirement cost and the self-insurance/worker’s compensation payments for the Nursing Home. The County has made the following loans to the Nursing Home during the past five years:

**Table 2**  
**Loans to Nursing Home from the General Fund**

<u>Fiscal Year Ending</u>	<u>New Loans for Fiscal Year</u>	<u>Aggregate Amount of Loans due to the County</u>
2014	\$1,100,000	- <sup>1</sup>
2015	\$6,200,000	\$6,200,000
2016 <sup>2</sup>	\$1,800,000	\$2,000,000 <sup>3</sup>
2017	-	-
2018	-	-

<sup>1</sup> In 2014, the County received a reimbursement of \$5,154,877 from the Federal Government under the Intergovernmental Medicaid program. It was used to pay all of the receivables due to the General Fund.

<sup>2</sup> In 2016, the County used proceeds from the Nursing Home sale to pay off \$4,000,000 of loans due to the County. In December 2016, the County receive approximately \$2 million from the Federal Government under the Intergovernmental Medicaid revenue program that was used to reduce the Nursing Home loan balance.

<sup>3</sup> The County received an additional \$4,000,000 from the Intergovernmental Medicaid program in 2017 and used this money to fully repay the General Fund.

During the past five years, the County has acted as an intermediary for Intergovernmental Medicaid transfers from New York State as follows:

**Table 3**  
**Transfers for Intergovernmental Medicaid**

<u>Year</u>	<u>Transfer</u>
2013	-
2014	5,154,877
2016	4,163,282
2017	4,028,162
2018	-

For the fiscal year ending December 31, 2017, the County did not include receipts of Intergovernmental Medicaid revenues in its budget; however, the County received \$4,028,162.

***Columbia-Greene Community College***

The Columbia-Greene Community College (the “College”) is a comprehensive, two-year college operating under the program of the State University of New York. The College offers a variety of programs leading to the degrees of Associate in Arts, Associate in Science and Associate in Applied Science, as well as one-year certificate programs and specialized courses in response to community interest. The College is sponsored on a joint basis by the Counties of Columbia and Greene. Capital costs are shared by the sponsoring counties and the State of New York. The operating costs not covered by student tuition and fees are shared by the State and the sponsoring counties. Operating fund contributions after State payments between the sponsoring counties are proportioned by the prior year enrollment in

the College from each sponsor's residents. The County's contributions to the general fund of the College for the last five years have been as follows:

**Table 4**  
**Contributions to Community College**

<u>Year</u>	<u>Amount</u>
2014	\$2,656,808
2015	2,720,196
2016	2,857,734
2017	2,909,734
2018	3,021,823

The County also contributes to capital projects undertaken at the College. As of December 31, 2018, the County had approximately \$484,787 in serial bonds outstanding for the County's share of the reconstruction of various College buildings. The County will be making principal payments between \$39,000 and \$91,000 in each of the years 2019 through 2024 for these bonds.

### ***Employee Pension Benefits***

Substantially all employees of the County eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and the Local Police and Fire Retirement System ("PFRS"), collectively referred to as the "System". The System is a cost sharing, multiple public employers' retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). The 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 ten years of credited service. The NYSRSSL generally provides that all participating employers in each retirement system are jointly and severally liable for any un-funded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 with less than ten years of service must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The law became effective for new ERS and Teacher Retirement System ("TRS") hires on January 1, 2010. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new employees hired after April 1, 2012. The Tier VI legislation provides 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 VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Payments by the County to the Retirement System for the past five years and amount budgeted for 2019 are as follows:

<u>Year</u>	<u>Amount</u>
2014 .....	\$8,557,380
2015 .....	7,607,691
2016 .....	7,486,650
2017 .....	5,595,813
2018 .....	5,772,261
2019 (Budgeted) .....	5,808,280

The County has not elected to amortize any of its contributions for the last 5 years.

***Other Post-Employment Benefits***

The County’s annual other post-employment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retiree’s medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the “pay-as-you-go” approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the calendar year ended December 31, 2017, the County’s net OPEB cost was \$51,004,950. The County’s unfunded actuarial accrued liability is equal to \$89,414,200 as of January 1, 2017.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The County is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increases in postretirement benefits are as follows:

<u>Year End December 31</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>	<u>Prescription Drug</u>
2015	7.50%	7.50%	7.50%
2016	7.00	7.00	7.00
2017	6.50	6.50	6.50
2018	6.00	6.00	6.00
2019	5.50	5.50	5.50
2020	5.00	5.00	5.00
2021	5.00	5.00	5.00

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The number of participants entitled to OPEB benefits as of December 31, 2017 is estimated as follows:

Active Employees	700
Retired Employees	309
Retired Employees Spouses	<u>109</u>
Total	1,118
Annual Required Contribution	\$7,715,000
Interest on Net OPEB Obligation	1,354,078
Adjustment to Annual Required Contribution	<u>(1,504,542)</u>
Annual OPEB Cost	7,564,536
Contributions Made	<u>(1,943,591)</u>
Increase in net OPEB obligation	5,620,945
Net OPEB Cost-Beginning of Year	<u>45,384,005</u>
Net OPEB Cost as of December 31, 2017	\$51,004,950

## **FINANCIAL FACTORS**

### ***Independent Audit***

The County's annual audited financial statements for the fiscal year ending December 31, 2017 were audited by Pattison, Koskey, Howe & Bucci, CPAs. Appendix B to this Official Statement presents certain information derived from the audited financial statements for the fiscal years ending December 31, 2013 through December 31, 2017. Appendix C contains a link to the audited financial statements for the fiscal year ended December 31, 2017.

### ***Fund Structures and Accounts***

The County utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity, which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

The General Fund is the general operating fund for the County and is used to account for substantially all revenues and expenditures of the County. The County also maintains several major funds consisting of a County Road Fund and a Solid Waste Fund. In addition, a Capital Projects Fund is used to record capital facilities while a Trust and Agency Fund accounts for assets received by the County in a fiduciary capacity. Other non-major funds include a Health Related Facility Fund, a Road Machinery Fund, Water Fund and Sewer Fund.

### ***Basis of Accounting***

The financial statements of the County are prepared on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded in the accounting period in which they are measurable and available to finance current operations. Revenues susceptible to accrual include real property taxes, services to other governments, intergovernmental revenues and operating transfers. Expenditures are generally recognized under the modified accrual basis, that is, when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the general long-term obligations account group, (2) unmatured interest on general long-term debt which is recognized as an expenditure when due, and (3) compensated absences which are charged as an expenditure when paid.



## Revenues

**Real Property Tax.** The County derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B, herein). In its General Fund budget for the 2019 fiscal year, property taxes account for 25.6% of total operating revenues. The following table sets forth total General Fund revenues and real property tax revenues during the last five fiscal years and the amounts budgeted in 2018 and 2019:

**Table 5**  
**Real Property Taxes (General Fund)**

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2013	\$111,816,463	\$33,501,621	30.0%
2014	111,850,317	28,743,702	25.7
2015	112,460,489	30,221,713	26.9
2016	116,429,780	29,304,222	25.2
2017	116,308,447	32,298,968	27.8
2018 (Budgeted)	116,577,962	30,987,662	26.6
2019 (Budgeted)	119,155,884	30,496,410	25.6

Source: Source: The County Controller, County's Audited Financial Statements Fiscal Year Ending 12/31 (2013-2017), and the County's Adopted Budgets for Fiscal Years Ending 12/31/2018 and 12/31/2019. This summary itself is not audited.

**State Aid.** The County receives financial assistance from the State. In its General Fund budget for the 2019 fiscal year, approximately 16.9% of the revenues of the County are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County 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, the County 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 County. 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 County requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (see also "MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE"). While the County has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the County. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

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The following table sets forth General Fund revenues and State aid during the last five fiscal years and the amounts budgeted in 2018 and 2019:

**Table 6**  
**State Aid (General Fund)**

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	\$111,816,463	\$15,264,054	13.7%
2014	111,850,317	19,186,442	17.2
2015	112,460,489	19,585,980	17.4
2016	116,429,780	23,871,977	20.5
2017	116,308,447	18,309,215	15.7
2018 (Budgeted)	116,577,962	20,396,065	17.5
2019 (Budgeted)	119,155,884	20,091,062	16.9

Source: Source: The County Controller, County's Audited Financial Statements Fiscal Year Ending 12/31 (2013-2017), and the County's Adopted Budgets for Fiscal Years Ending 12/31/2018 and 12/31/2019. This summary itself is not audited.

### ***Sales and Compensating Use Taxes***

Section 1210 of the New York Tax Law authorizes the County to levy sales and compensating use taxes of up to 3% in addition to the 4% tax levied by the State. Such sales and compensating use tax collections in New York are administered by the State Tax Commission and the proceeds are paid to the County monthly. The New York Tax Law, however, permits cities to impose a 1-1/2% sales and compensating use tax within their own jurisdictions preemptively. In such event, counties may levy a 3% sales and compensating use tax in the areas outside such cities and a 1-1/2% tax in the cities that exercise this preemptive right. However, in those jurisdictions where the 3% County tax applies, one-half thereof must be distributed to the towns and villages. The City of Hudson (the "City"), the only City in the County, has waived this preemptive right.

In 1995, the County received State legislative approval to increase the sales and compensating use tax from 3% to 4%. The increase took effect on March 1, 1995. The County receives 70% of all sales and compensating use tax revenues, and the remaining 30% is distributed to the towns, villages, and City. In addition to the aforementioned distribution formula, the County pays .0084% of its gross quarterly sales tax revenue to the City in quarterly payments. These payments are made from the County's percentage of its gross sales tax revenue. A local law was adopted by the Board of Supervisors which prohibits any increase in the existing sales and compensating use tax, and the imposition of any new form of County tax except by a resolution approved by the affirmative vote of two-thirds of the total membership, or a majority of the total membership if such resolution is adopted subject to permissive referendum. The sales and compensating use tax collections as received by the County, net of the distributions as described above, for each of the last five fiscal years and the amounts budgeted in 2018 and 2019 are as follows:

**Table 7**  
**Sales and Use Tax**

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenues Collected</u>
2013	\$22,500,000
2014	24,647,353
2015	24,335,051
2016	25,628,587
2017	27,487,156
2018 (Unaudited)	29,807,210
2019 (Budgeted)	27,680,000

Source: Source: The County Controller, County's Audited Financial Statements for Fiscal Year Ending 12/31 (2013-2017), the County's Unaudited Financial Statements for Fiscal Year Ending 12/31/2018 and the County's Adopted Budgets for Fiscal Years Ending 12/31/2019. This summary itself is not audited.

## ***Budget Process***

During July of each year, budget request forms are sent to department heads who must return them by August 1. During August the Budget Officer reviews the requests and holds hearings with each department head and revisions are made where necessary. By November 15, the Budget Officer presents a tentative budget to the Clerk of the Board for review by Supervisors. During the month of December public hearings are held and by December 20 the Board of Supervisors adopts the final budget. The budget is not subject to referendum.

## ***2018 Adopted Budget***

The County expects the 2018 general fund results to be in balance. The County's 2018 Budget was adopted on December 13, 2017. It assumes \$950,000 will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2018 are equal to total budgeted expenditures for 2018.

## ***2019 Adopted Budget***

The County expects the 2019 general fund results to be in balance. The County's 2019 Budget was adopted on December 13, 2018. It assumes \$1,825,000 will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2019 are equal to total budgeted expenditures for 2019.

## ***Investment Policy***

The County's investments are governed by a formal written investment policy, which investment policy is consistent with the Investment Policies and Procedures guidelines promulgated by the Office of the State Comptroller.

Pursuant to the County Treasurer's investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State, as defined therein being (a) Special time deposit accounts; (b) Certificates of deposit; (c) Obligations of the United States Government; and (d) Obligations of the State of New York. The County Treasurer's investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, are secured by a pledge of "eligible securities" with an aggregate "market value" equal to 110% of the aggregate amount of deposits. Eligible securities used for collateralizing deposits are to be held by a third party bank or trust company subject to security and custodial agreements. The County's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) All repurchase agreements must be entered into subject to a master repurchase agreement; (b) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (c) No substitution of securities will be allowed; (d) The custodian shall be a party other than the trading partner, and (e) Repurchase agreements shall be for periods of days or less. The County Treasurer's investment policy does not permit the County to invest in reverse repurchase agreements or other derivative-type investments and the County does not invest in reverse repurchase agreements, or other derivative-type investments.

## ***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 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 County 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.

In addition, the County is subject to periodic audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. On February 2, 2018, the State Comptroller released a report with findings related to the County’s procurement policy, and whether the County procured goods and services in accordance with General Municipal Law, for the period January 1, 2016 through July 17, 2017.

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

## **REAL PROPERTY TAXES**

### ***The Tax Levy Limit Law***

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (as amended, the “The Tax Levy Limit Law”). The Tax Levy Limit Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

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

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted

by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's “faith and credit” is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

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

### ***Real Property Tax Collection Procedure and History***

The County derives its power to levy an ad valorem real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the County are prepared by the component towns and the City. Assessed valuations are determined by the towns and City assessors and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/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.

County taxes are collected by the respective tax collection officers of the City and towns in conjunction with City and town taxes. The City pays the County the full amounts of the County levy, regardless of collection results, prior to the end of the year of levy. The towns retain from gross tax collections the total amount of their respective tax levies (including levies for highway and special district purposes) and return the balance plus uncollected items to the County, which assumes responsibility for and collects delinquent taxes.

Taxes are due during the month of January without penalty. The penalty added to delinquent taxes is one-twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. The rate is determined each year by July 15 based on the one-year constant maturity yield index for United States Treasury securities for the quarter-year ending on the immediately preceding June 30. The rate is effective for a twelve month period commencing August 1 each year and in no event will be less than ten per centum per annum.

Foreclosure proceedings are initiated on October 1 of the succeeding fiscal year for taxes which remain uncollected. If the taxes still remain unpaid by January 1, the matter goes to Supreme Court and, unless the property owner is granted a stay, the County is awarded title to the property.

The County is also responsible for the collection of delinquent school district taxes, with the exception of delinquent taxes for the Hudson City School District for properties located within the City's borders. For the properties of the Hudson City School District that are located outside of the City's borders, the County receives the unpaid taxes in November, collects such unpaid taxes and remits the amounts collected monthly to the Hudson City School District. The County makes the Hudson City School District whole, for such properties located outside the City's borders, in December of the following year. For all other school districts in the County, the County receives the unpaid taxes in November, collects in December, and then relieves these uncollected taxes on the County tax bill. The County makes these school districts whole by the following April 1 of each year.

**Table 8**  
**Tax Collection Record**  
**(As of April 30, 2019)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Levy <sup>1</sup>	\$70,315,532	\$70,438,985	\$71,175,203	\$72,344,360	\$73,241,909
Tax Collected	69,956,361	69,821,972	70,007,329	70,243,608	51,296,352
Outstanding Delinquent	359,171	617,013	1,167,875	2,100,752	21,945,557
% Uncollected	0.51%	0.88%	1.64%	2.90%	29.96%

<sup>1</sup> Includes County, Town, special district and relieved school district taxes. See "Real Property Tax Collection Procedure and History."

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## ***Largest Taxpayers***

The following table presents the taxable assessments of the County's largest taxpayers as of the 2018 fiscal year end:

**Table 9**  
**Taxable Assessments**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of County's Assessed Valuation</u>
Niagara Mohawk/Nat'l Grid	Utility	\$ 72,061,872	0.96%
New York State Electric & Gas	Utility	\$ 47,098,361	0.63%
Tennessee Gas	Utility	\$ 40,229,251	0.54%
Iroquois Gas Transmission	Utility	\$ 19,289,158	0.26%
CSX	Railroad	\$ 19,215,531	0.26%
Widewater Greenport	Large Retail	\$ 18,044,375	0.24%
Galvan Asset Mngmt/Galvan Civic/Galvan Initiatives/Hudson Collective		\$ 17,084,500	0.23%
Fairview Hudson 15 LLC	Shpping Center	\$ 12,465,000	0.17%
FH Farms		\$ 12,322,110	0.16%
Colarusso Ventures/Colarusso & Sons	Industrial	\$ 12,317,800	0.16%
Taconic Farms, Inc.	Research Facility	\$ 11,799,000	0.16%
GJ Kinderhook	Shopping Center	\$ 11,000,000	0.15%
Taconic Telephone	Utility	\$ 10,931,816	0.15%
Woodvale Holdings	Commercial	\$ 9,000,000	0.12%
Columbia Medical Complex	Health Building	\$ 8,931,000	0.12%
Brandon Wang		\$ 8,928,100	0.12%
Wal-Mart Stores East LP	Shopping Center	\$ 8,203,851	0.11%
Camp Pontiac Assoc.	Camp	\$ 7,500,000	0.10%
ADM Milling	Manufacturing	\$ 7,100,700	0.09%
Love Travel Stops	Gas Station	\$ 6,942,000	0.09%
Greenport of Albany, LP	Shopping Center	\$ 6,576,900	0.09%
Schumacher, T.	Rural Residential	\$ 6,234,940	0.08%
Verizon	Utility	\$ 5,973,525	0.08%
Hudson Market Owners LLC	Supermarket	<u>\$ 5,735,000</u>	<u>0.08%</u>
		\$ 384,984,790	5.15%

## **COUNTY INDEBTEDNESS**

### ***Constitution Requirements***

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

**Purpose and Pledge** Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. The County may contract indebtedness only for a County 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 or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the County Board of Supervisors provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General The County is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers.

### ***Statutory Procedure***

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

Pursuant to the Local Finance Law and the County Law, the County authorizes the issuance of indebtedness, including bonds and notes issued in anticipation of the issuance of such bonds, by the adoption of a bond resolution approved by the members of the Board of Supervisors.

The Local Finance Law also provides a twenty-day period of limitation after publication of a resolution or summary thereof which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

Each 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 obligations subject to the legal (Constitution, Local Finance Law and case law) restrictions related to the period of probable usefulness with respect thereto.

Each resolution usually 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 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 general, the Local Finance Law contains similar provisions providing the County with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

In addition, under each resolution the Board of Supervisors may delegate, and has delegated, power to issue and sell bonds to the County Treasurer, the chief fiscal officer of the County.

Debt Limit The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the County and 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 as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the County is calculated by taking seven percent of the latest five-year average of the full valuation of all taxable real property. The average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.



## ***Tobacco Proceeds Securitization***

Pursuant to a Master Settlement Agreement (“MSA”) entered into on November 23, 1998, 46 states (including New York) agreed to settle all their past, present and future smoke-related claims in exchange for an agreement by participating tobacco manufacturers to make certain payments to them (the “tobacco revenues”). A Decree and Final Judgment entered by the Supreme Court of New York State allocated a share of the revenues to the County.

The Columbia Tobacco Asset Securitization Corporation (“the Corporation”) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the “State”) on October 28, 2000. The Corporation is an instrumentality of, but separate and apart from the County. The County sold all of its future right, title and interest in its tobacco revenues to the Corporation on December 7, 2000. The Corporation, along with five other Tobacco Asset Securitization Corporations combined to form the New York Counties Tobacco Trust II (the “Trust”) in August of 2001 to issue bonds to finance the purchase price of the future rights, title and interest in the tobacco revenues. Of the total \$215,220,000 of bonds issued by the Trust, the County received \$10,888,021 in proceeds together with beneficial ownership interest in a residual trust. The County used \$2,578,944 of such proceeds to fund County court house renovations and highway equipment. The remaining \$8,309,077 was deposited into an escrow account to fund \$5,900,000 general fund, \$1,764,000 enterprise fund and \$700,000 Pine Haven Home debt. The Corporation, along with twenty-four other Tobacco Asset Securitization Corporations combined to form the New York Counties Tobacco Trust V (the “Trust V”) in November of 2005 to issue Tobacco Settlement Pass-Through Bonds. Of the total \$199,375,348.20 of Bonds issued by the Trust V, the County received \$4,677,000 in proceeds together with beneficial ownership interest in a residual trust. The County used \$1,641,000 of the bond proceeds for capital improvements, which was the construction of a professional academic center at Columbia-Greene Community College. The remainder of the proceeds were used to economically defease \$3,036,000 of the \$7,250,000 Public Improvement (Serial) Bonds, 2005.

## ***Constitutional Debt Limit***

The following table sets forth the constitutional debt limit of the County:

**Table 10**  
**Constitutional Debt Limit**

<u>Taxable</u> <u>Year</u>	<u>Assessed</u> <u>Valuation</u>	<u>Equalization</u> <u>Ratio</u>	<u>Full</u> <u>Valuation</u>
2018	7,568,294,971	92.50%	8,183,041,941
2017	7,488,910,686	96.40%	7,736,499,743
2016	7,405,361,953	99.57%	7,437,482,953
2015	7,230,081,635	97.73%	7,398,016,612
2014	7,065,671,631	97.58%	7,240,843,707
Total Five-Year Valuation			\$37,995,884,956
Average Five-Year Valuation			7,599,176,991
Debt Limit - 7% of Average Full Valuation			\$531,942,389

Source: New York State Department of Audit and Control and County Officials.

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**Statement of Debt Contracting Power**

**Table 11**  
**Statutory Debt Limit and Net Indebtedness**  
**(as of June 4, 2019)**

Five-Year Average Full Valuation		7,599,176,991
Debt Limit 7% Thereof		\$531,942,389
Inclusions:		
Outstanding Bonds	\$35,402,400	
Bond Anticipation Notes	7,945,000	
Total Inclusions	<u>\$43,347,400</u>	
Exclusions:		
Appropriations	<u>\$3,807,840</u>	
Total Exclusions	\$3,807,840	
Total Net Indebtedness		<u>39,539,560</u>
Net Debt Contracting Margin		<u>\$492,402,829</u>
Percentage of Debt Contracting Power Exhausted		7.43%

**Remedies Upon Default**

No principal of or interest payment on County indebtedness is past due.

**Constitutional Provisions.** The State constitution provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on bonds and certain other obligations of the issuer, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied for such purposes and that the fiscal officer of the issuer may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

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

**Statutory Provisions.** Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by a County upon any judgment or accrued claim against such County shall not exceed 9% per-annum. 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 or interest on the Bonds. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

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

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

As a result the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted in 1975 by 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 County.

***Future Capital Project Plans***

Outside of the capital projects related to the Bonds, the County has several future capital project plans. The County plans to spend approximately between \$3,000,000 and \$5,000,000 on bridge improvements over the next three years (See “DESCRIPTION OF THE BONDS—Authority for and Purpose of the Bonds”). In 2018, the County submitted an application with the New York State Environmental Facilities Corporation (“EFC”), subject to the approval of the Office of the State Comptroller’s, to construct a 2.5 mile, 6 inch sewer line at a cost of \$9,197,000. The County anticipates borrowing \$6,299,250 from the EFC Clean Water State Revolving Fund, and the remainder will be funded through a grant from EFC.

***Tax and Revenue Anticipation Notes***

During the past five years, the County’s cash flow has been sufficient to meet operating requirements, and the County has not found it necessary to issue tax or revenue anticipation notes.

***Trend of Outstanding Indebtedness***

The following table provides information relating to the capital indebtedness outstanding at fiscal year-end for the last five fiscal years:

**Table 12**  
**Outstanding Indebtedness**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018<sup>(1)</sup></u>
Serial Bonds	\$19,167,000	\$17,405,000	\$38,795,000	\$37,970,000	\$35,410,000
Bond Anticipation Notes	<u>14,456,900</u>	<u>18,786,900</u>	<u>3,967,000</u>	<u>4,263,300</u>	<u>10,298,700</u>
Totals	\$33,623,900	\$36,191,900	\$42,762,000	\$42,233,300	\$45,708,700

(1) Unaudited.

Source: The County Controller, the County’s Comprehensive Annual Financial Reports for the fiscal years ending December 31, 2014-2017.

***Estimated Underlying Indebtedness***

In addition to the County, various other political units within the County have the power to incur indebtedness payable from property taxes in property located in the County. The following table sets forth both the total outstanding principal amount of debt issued by other political units within the County.

**Table 13**  
**Estimated Underlying Indebtedness**

<u>Issuer</u>	<u>Net Underlying Indebtedness</u>
Towns	\$23,202,196
Villages	4,740,505
City of Hudson	15,261,432
School Districts	102,856,139
Fire Districts	<u>4,918,910</u>
Total Net Overlapping Debt	\$150,979,182

Source – New York State Office of the State Comptroller, Recent Official Statements and Continuing Disclosure Submissions of the Issuers.

## Debt Ratios

The following table presents certain debt ratios relating to the County's net direct and overlapping indebtedness as of June 4, 2019:

**Table 14**  
**Debt Ratios**

	<u>Amount</u>	<u>Debt Per Capita<sup>1</sup></u>	<u>Debt to Full Value<sup>2</sup></u>
Net Direct Debt	\$ 39,539,560	\$643	0.48%
Net Overlapping Debt	150,979,182	\$2,456	1.85%
Net Direct and Overlapping Debt	\$190,518,742	\$3,099	2.33%

(1) The population of the County is 61,481 (See "Population Trends")

(2) The County's full value of taxable real property for 2018 is \$8,183,041,941

Source: NYS - Office of the State Comptroller, County of Columbia.

## Debt Service Schedule

The following table sets forth all principal and interest payments required on the County's outstanding bonded indebtedness for future fiscal years ending December 31:

**Table 15**  
**Outstanding Bonds**

<u>FYE December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019 <sup>(1)</sup>	\$ 2,560,000	\$1,059,616	\$ 3,619,616
2020	2,545,000	1,013,764	3,558,764
2021	2,747,400	977,446	3,724,846
2022	2,785,000	908,419	3,693,419
2023	2,815,000	827,975	3,642,975
2024	2,620,000	756,028	3,376,028
2025	2,680,000	684,316	3,364,316
2026	2,560,000	610,056	3,170,056
2027	2,270,000	544,009	2,814,009
2028	2,330,000	483,928	2,813,928
2029	2,310,000	419,994	2,729,994
2030	2,380,000	353,763	2,733,763
2031	2,445,000	283,406	2,728,406
2032	2,295,000	210,441	2,505,441
2033	1,205,000	152,047	1,357,047
2034	1,220,000	108,056	1,328,056
2035	545,000	76,066	621,066
2036	565,000	55,594	620,594
2037	610,000	11,438	621,438
	<u>\$35,410,000</u>	<u>\$9,570,297</u>	<u>\$49,647,697</u>

(1) For entire fiscal year.

## ECONOMIC AND DEMOGRAPHIC DATA

### *Population*

The following table presents population trends for the County, State, and Nation based upon recent census data:

**Table 16**  
**Population Trend**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
County	63,000	63,094	63,096	61,481
State	17,990,000	18,976,457	19,378,102	19,798,228
Nation	249,633,000	285,491,303	309,349,689	321,004,407

Source: 1990-2010 U.S. Census, 2013-2017 American Community Survey, U.S. Census Bureau

### *Income*

The following table presents per capita money income for the County and State:

**Table 17**  
**Per Capita Money Income**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
County	\$16,162	\$22,821	\$31,844	\$34,737
State	16,501	23,389	30,948	35,752

Source: 2006-2010 and 2013-2017 American Community Survey 5-Year Estimates, 1990-2000 U.S. Census, U.S. Census Bureau

**Table 18**  
**Median Family Income**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
County	\$42,625	\$49,357	\$69,132	\$76,540
State	39,741	51,691	67,405	77,141

Source: 2006-2010 and 2013-2017 American Community Survey 5-Year Estimates, 1990-2000 U.S. Census, U.S. Census Bureau

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## ***Employment and Unemployment***

The following tables provide information concerning employment in the County:

**Table 19**  
**Largest Employers In the County**

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Columbia Memorial Hospital	Hospital	1,156
Hudson City School District	Education	600
Taconic Farms Inc.	Animal Specialties	550
Berkshire Farm Center	Educational Programs	548
COARC	Human Services	350
Barnwell Nursing Home	Skilled Nursing Care Facilities	330
Ichabod Crane School District	Education	300
Ginsbergs Institutional Foods	General Line	204
Wal-Mart	Department Store	200
Catamount Ski Area	Outdoor Recreation	200
Sonocco-Crellin Inc.	Plastics Products	200
Price Chopper	Grocery Store	190
Whittier Health Care	Skilled Nursing Care Facilities	180
Nova Pak Plastics	Products	180
Pine Haven Home	Nursing Facility	170
Hawthorne Valley School	Education	160
New Lebanon School District	Education	152
Firemen's Home Skilled	Nursing Facility	150
Ed Herrington's Retail	Lumber	150
Columbia Green Community College	Junior College	145
Brookwood Secure Center	Corrections Facility	140
Flanders Corp	Manufacturing	130

Source: Columbia Economic Development Corp.

**Table 20**  
**Average Annual Unemployment Rates**

<u>Year</u>	<u>County</u>	<u>State</u>
2010	7.3%	8.6%
2011	7.1%	8.3%
2012	7.0%	8.5%
2013	6.0%	7.7%
2014	4.7%	6.3%
2015	4.0%	5.3%
2016	3.7%	4.9%
2017	3.8%	4.7%
2018	3.3%	4.1%

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

**End of Appendix A**

**APPENDIX B**

**FINANCIAL STATEMENT AND BUDGET SUMMARIES**

**Columbia County, NY  
General Fund Budget**

Fiscal Year Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Revenues</u>					
Real Property Taxes	\$30,215,261	\$30,829,092	\$32,298,968	\$30,986,280	\$30,496,410
Real Property Tax Items	3,131,000	3,161,000	11,000,000	2,100,000	2,070,000
Non-Property Taxes	37,300,000	37,800,000	38,300,000	40,740,000	42,296,000
Departmental Income	9,237,319	7,964,943	8,337,128	8,731,428	9,025,799
Intergovernmental Charges	952,023	1,293,900	974,400	879,500	981,450
Licenses and Permits	4,000	4,000	10,000	10,000	10,000
Fines and Forfeitures	75,000	87,200	85,000	85,000	87,000
Sale of Property and Compensation for Loss	230,000	85,000	85,000	85,000	85,000
Miscellaneous	294,350	343,100	562,350	284,800	384,800
State Aid	17,497,141	17,589,837	19,019,115	20,396,065	20,091,062
Federal Aid	12,183,825	13,344,959	11,515,767	11,428,507	11,803,362
Interfund Transfers	-	-	-	850,000	-
Total Revenues	<u>\$111,119,919</u>	<u>\$112,503,031</u>	<u>\$122,187,728</u>	<u>\$116,576,580</u>	<u>\$117,330,883</u>
<u>Expenditures</u>					
General Government Support	\$21,921,087	\$22,524,876	\$23,333,889	\$24,451,365	\$25,248,823
Education	3,620,196	3,757,734	3,809,734	4,021,823	4,322,874
Public Safety	13,318,960	13,917,917	14,538,170	15,528,102	15,713,035
Health	13,632,235	13,637,296	13,990,381	13,931,727	14,123,619
Transportation	513,442	686,936	692,837	475,165	550,588
Economic Assistance and Opportunity	38,945,005	39,656,897	37,924,808	38,571,714	38,705,870
Culture and Recreation	1,946,280	2,279,780	2,402,007	2,207,140	2,304,842
Home and Community Services	1,812,145	1,889,705	1,969,661	1,697,041	1,562,510
Interfund Transfers	1,200,000	-	-	43,000	-
Employee Benefits/Undistributed	14,210,568	14,151,890	14,821,241	14,122,368	14,091,769
Debt	-	-	-	2,477,135	2,531,953
Total Expenditures	<u>\$111,119,918</u>	<u>\$112,503,031</u>	<u>\$113,482,728</u>	<u>\$117,526,580</u>	<u>\$119,155,883</u>

Source: Adopted Budgets of the County. Summary itself has not been audited.



**Columbia County, NY  
General Fund Balance Sheets**

Fiscal Year Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Assets</u>					
Cash	\$1,990,898	\$2,027,482	\$2,461,690	\$5,972,404	\$6,586,321
Cash - Restricted	2,536,530	2,536,530	4,048,404	4,544,785	4,530,769
Taxes receivable, net	5,972,755	5,273,128	5,698,870	4,461,243	4,179,295
State and Federal Aid receivable	7,095,808	8,483,726	6,782,801	16,338,053	11,073,802
Other Receivables	7,082,225	8,569,536	8,553,302	7,771,579	8,311,454
Due from other Funds	7,332,884	2,645,427	6,309,018	885,268	1,580,604
Due from other Governments	613,870	1,302,249	2,177,041	216,511	279,282
Prepaid Expenditures	1,928,622	1,798,383	1,712,512	1,688,359	1,553,127
Inventory	-	-	8,395	15,735	18,753
Total Assets	<u>\$34,553,592</u>	<u>\$32,636,461</u>	<u>\$37,752,033</u>	<u>\$41,893,937</u>	<u>\$38,113,407</u>
<u>Liabilities</u>					
Accounts Payable	\$3,953,800	\$2,499,038	\$4,379,599	\$4,257,245	\$4,125,548
Accrued Expenses	2,383,578	1,104,017	1,496,884	1,578,194	1,471,048
Due to other Governments	2,973,598	2,713,288	2,874,766	5,439,735	3,169,357
Due to other Funds	629,780	196,040	247,089	705,068	41,381
Due to School Districts	7,834,698	7,578,311	7,528,353	7,854,711	7,397,563
Deferred Revenues	-	-	-	-	-
Total Liabilities	<u>\$17,775,454</u>	<u>\$14,090,694</u>	<u>\$16,526,691</u>	<u>\$19,834,953</u>	<u>\$16,204,897</u>
Deferred inflows of resources	<u>\$2,484,382</u>	<u>\$2,946,165</u>	<u>\$3,551,258</u>	<u>\$3,607,354</u>	<u>\$3,398,839</u>
<u>Fund Balance</u>					
Non-spendable	\$1,928,622	\$1,798,383	\$1,720,907	\$1,704,094	\$1,571,879
Restricted	2,536,530	2,536,530	4,048,404	3,038,176	3,016,626
Assigned	74,337	94,585	67,497	1,516,317	2,681,226
Unassigned	<u>9,754,267</u>	<u>11,170,104</u>	<u>11,837,276</u>	<u>12,193,043</u>	<u>11,239,937</u>
Total Fund Equity	<u>\$14,293,756</u>	<u>\$15,599,602</u>	<u>\$17,674,084</u>	<u>\$18,451,630</u>	<u>\$18,509,668</u>
Total Liabilities and Fund Equity	<u>\$34,553,592</u>	<u>\$32,636,461</u>	<u>\$37,752,033</u>	<u>\$41,893,937</u>	<u>\$38,113,404</u>

Source: Audited and Unaudited Financial Statements of the County. Summary itself not audited.

**Columbia County, NY  
General Fund Revenues, Expenditures and Fund Balance**

Fiscal Year Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Real Property Taxes	\$33,501,621	\$28,743,702	\$30,221,713	\$29,304,222	\$32,097,796
Real Property Tax Items	2,840,371	2,123,645	2,814,389	2,010,014	2,154,207
Non-Property Tax Items	35,835,643	37,654,174	37,909,720	39,317,802	42,220,016
Departmental Income	9,930,968	10,128,708	8,508,525	8,431,235	8,922,258
Intergovernmental Charges	952,951	633,636	927,856	626,660	537,608
Use of Money and Property	390,196	311,971	382,069	333,118	302,520
Licenses and Permits	9,216	6,193	6,485	12,633	9,269
Fines and Forfeitures	74,382	101,535	92,962	84,494	90,547
Sale of Property and Compensation for Loss	166,434	684,405	184,323	50,047	57,566
State Aid	15,264,054	19,186,442	19,585,980	23,871,977	18,309,215
Federal Aid	12,391,163	11,829,343	11,193,559	9,668,091	11,207,189
Interfund Revenue	153	-	-	-	-
Miscellaneous	459,311	446,563	632,908	341,655	400,257
<b>Total Revenues</b>	<b>\$111,816,463</b>	<b>\$111,850,317</b>	<b>\$112,460,489</b>	<b>\$114,051,948</b>	<b>\$116,308,448</b>
<b>Expenditures:</b>					
General Government Support	\$19,912,915	\$20,756,382	\$21,337,145	\$22,167,843	\$23,406,146
Education	3,724,071	3,712,982	3,790,770	3,838,761	3,890,005
Public Safety	12,824,322	12,334,861	13,458,793	14,051,215	13,736,663
Health	12,517,598	12,092,654	12,002,400	12,289,146	12,450,870
Transportation	502,266	496,906	644,274	544,885	545,716
Economic Assistance & Opportunity	39,895,886	41,148,286	38,861,649	42,567,076	37,158,724
Culture and Recreation	1,860,256	1,823,895	1,844,760	1,935,207	1,934,156
Home and Community Services	1,485,286	1,519,761	1,596,960	1,485,727	1,513,784
Employee Benefits	16,649,917	16,658,744	15,649,256	16,772,374	17,386,973
Debt Service	-	-	-	-	2,092,476
Capital Outlays	-	-	-	-	493,408
<b>Total Expenditures</b>	<b>\$109,372,517</b>	<b>\$110,544,471</b>	<b>\$109,186,007</b>	<b>\$115,652,234</b>	<b>\$114,608,921</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,443,946	1,305,846	3,274,482	(1,600,286)	1,699,527
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	\$ -	\$ -	\$ -	\$ 2,377,832	\$ -
Operating transfers out	-	-	(1,200,000)	-	(254,560)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$1,200,000)</b>	<b>\$2,377,832</b>	<b>(\$254,560)</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,443,946	1,305,846	2,074,482	777,546	1,444,967
Fund Balance-Beginning of Year	\$11,849,810	\$14,293,756	\$15,599,602	\$17,674,084	\$18,451,630
Fund Balance - End of Year	\$14,293,756	\$15,599,602	\$17,674,084	\$18,451,630	\$18,509,669

Source: Audited and Unaudited Financial Statements of the County. Summary itself not audited.

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017\***

**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/ES1346331.pdf>**

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

**\* Such Financial Statements and opinion are intended to be representative only as of the date thereof. Pattison, Koskey, Howe & Bucci, P.C., Certified Public Accountants, has not been requested by the County to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

**APPENDIX D**

**FORM OF BOND COUNSEL'S LEGAL OPINION**

June 25, 2019

County of Columbia,  
State of New York

Re: COUNTY OF COLUMBIA, NEW YORK  
\$8,600,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2019 SERIES B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$8,600,000 Public Improvement (Serial) Bonds, 2019 Series B (the "Obligations"), of the County of Columbia, State of New York (the "Obligor"), dated June 25, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum, payable on December 15, 2019 and semi-annually thereafter on June 15 and December 15, and maturing in the amount of \$\_\_\_\_ on June 15, 2020, \$\_\_\_\_ on June 15, 2021, \$\_\_\_\_ on June 15, 2022, \$\_\_\_\_ on June 15, 2023, \$\_\_\_\_ on June 15, 2024, \$\_\_\_\_ on June 15, 2025, \$\_\_\_\_ on June 15, 2026, \$\_\_\_\_ on June 15, 2027, \$\_\_\_\_ on June 15, 2028, \$\_\_\_\_ on June 15, 2029, \$\_\_\_\_ on June 15, 2030, \$\_\_\_\_ on June 15, 2031, \$\_\_\_\_ on June 15, 2032, \$\_\_\_\_ on June 15, 2033, \$\_\_\_\_ on June 15, 2034, \$\_\_\_\_ on June 15, 2035, \$\_\_\_\_ on June 15, 2036, \$\_\_\_\_ on June 15, 2037, \$\_\_\_\_ on June 15, 2038, \$\_\_\_\_ on June 15, 2039, \$\_\_\_\_ on June 15, 2040, and \$\_\_\_\_ on June 15, 2041.

The Obligations maturing on or before June 15, 2027 are not subject to redemption prior to maturity. The Obligations maturing on or after June 15, 2028 will be subject to redemption prior to maturity, at the option of the County, on any date on or after June 15, 2027, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Obligations to be redeemed, plus accrued interest to the date of redemption.

We have examined:

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

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

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP