

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

## **PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2020**

### **NEW ISSUE REFUNDING BONDS**

**RATING:** See “RATING” herein

*In the opinion of Rodenhause Chale & Polidoro LLP, Rhinebeck, New York, Bond Counsel, under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications referred to herein, interest on the Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and such interest will not be treated as a preference item in calculating the Federal alternative minimum tax that may be imposed on individuals under the Code. It is also the opinion of Bond Counsel 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). See “TAX MATTERS” herein.*

The Bonds will be designated as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

### **TOWN OF RED HOOK DUTCHESS COUNTY, NEW YORK**

**\$985,000\***

### **PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, SERIES 2020 (the “Bonds”)**

**Date of Issue: Date of Delivery**

**Maturity Dates: October 1, 2021-2031**

The Bonds will constitute general obligations of the Town of Red Hook, Dutchess County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal of and interest on the Bonds. All the taxable real property within the Town will be subject to the levy of ad valorem taxes, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. See “Nature of Obligation” and “Tax Levy Limitation Law,” herein.

At the option of the purchaser, the Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder as a statutory installment bond (SIB) with a single bond certificate and principal installments corresponding to the maturity schedule described on the inside cover page hereof (ii) certificated registered form registered in the name of the successful bidder with one bond certificate for each maturity, or (iii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for DTC.

Principal of and interest on such certificated Bonds will be payable by check mailed to the registered owner.

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

The Bonds will be dated their Date of Delivery, will bear interest from such date payable April 1, 2021, October 1, 2021 and semiannually thereafter on each April 1 and October 1 until maturity and will mature on October 1, 2021 through 2031, inclusive, as set forth on the inside cover page hereof. The Bonds maturing on or after October 1, 2029 are subject to optional redemption prior to maturity as discussed herein. (See “Optional Redemption” herein).

The Bonds are offered subject to the final approving opinion of Rodenhause Chale & Polidoro LLP, Bond Counsel, Rhinebeck, New York, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds. It is anticipated that delivery of the Bonds in book-entry form through the offices of DTC in Jersey City, New Jersey, or if in certificated form, at the office of Bond Counsel in Rhinebeck, New York, will be made on or about December 9, 2020.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE “RULE”). FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE DISCLOSURE AS TO CERTAIN EVENTS AS DEFINED IN THE RULE, SEE “LIMITED DISCLOSURE UNDERTAKING,” HEREIN.

Dated: November , 2020

\*Preliminary, subject to change.

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

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield Or Price</u>	<u>CUSIP***</u>
2021	\$80,000	0%	%	
2022	75,000			
2023	80,000			
2024	80,000			
2025	80,000			
2026	90,000			
2027	90,000			
2028	95,000			
2029**	100,000			
2030**	105,000			
2031**	110,000			

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

\*\* Subject to optional redemption prior to maturity as described herein.

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

**TOWN OF RED HOOK  
DUTCHESS COUNTY, NEW YORK**

**Robert McKeon  
Supervisor**

**TOWN BOARD**

William O’Neill ..... Deputy Supervisor  
Christine Kane ..... Councilmember  
Bill Hamel..... Councilmember  
Jacob Testa..... Councilmember

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Deanna Cochran..... Town Clerk  
Ann Conway ..... Bookkeeper  
Rodenhausen Chale & Polidoro LLP..... Attorneys for the Town

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**BOND COUNSEL**

**Rodenhausen Chale & Polidoro LLP  
Rhinebeck, New York**

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**MUNICIPAL ADVISOR**



**Capital Markets Advisors, LLC  
Hudson Valley \* Long Island \* Southern Tier \* Western New York  
(516) 487-9818**

No person has been authorized by the Town of Red Hook to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Red Hook since the date hereof.

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**OFFICIAL STATEMENT**  
**TOWN OF RED HOOK**  
**DUTCHESS COUNTY, NEW YORK**

**relating to**  
**\$985,000\***  
**PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, SERIES 2020**  
**(the “Bonds”)**

This Official Statement, including the cover page, inside cover pages and appendices hereto, presents certain information relating to the Town of Red Hook in the County of Dutchess, State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of \$985,000\* Public Improvement Refunding (Serial) Bonds, Series 2020 (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 Town 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 Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town’s overall economic situation and outlook (and all of the specific Town related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See “MARKET FACTORS” herein.)

**THE BONDS**

***Description***

The Bonds will be dated their Date of Delivery, will bear interest from such date payable April 1, 2021, October 1, 2021 and semiannually thereafter on each April 1 and October 1 until maturity and will mature as set forth on the inside cover page hereof.

The Town will act as fiscal agent for the Bonds. Paying agent, fees, if any, will be the responsibility of the purchaser.

The Bonds will be issued in fully registered form and, if book entry is selected by purchaser, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds.

Principal and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

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\* Preliminary, subject to change.

## ***Authorization and the Refunding Plan for the Bonds***

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law, the General Municipal Law and the Local Finance Law, and the refunding bond resolution duly adopted by the Town Board on October 28, 2020 (the “Refunding Bond Resolution”). A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The Bonds are being issued to refund up to \$1,095,000\* outstanding principal of the Town’s Public Improvement Serial Bonds, Series 2011A, which mature in the years 2021 to 2031, inclusive (the “Refunded Bonds”). The Refunded Bonds were issued in the original principal amount of \$1,800,000. Under the Refunding Plan, the Refunded Bonds are to be called and redeemed on January 11, 2021. The net proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company, (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Town and the Escrow Contract, to pay the redemption price of the Refunded Bonds on the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

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

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

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

### **Refunded Bonds\*:**

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Redemption Date/Price*</u>	<u>CUSIP</u>
October 1, 2021	\$ 85,000	3.250%	January 11, 2021 @ 100%	756586 CB7
October 1, 2022	85,000	3.250	January 11, 2021 @ 100%	756586 CC5
October 1, 2023	90,000	5.000	January 11, 2021 @ 100%	756586 CD3
October 1, 2024	90,000	5.000	January 11, 2021 @ 100%	756586 CE1
October 1, 2025	95,000	3.500	January 11, 2021 @ 100%	756586 CF8
October 1, 2026	100,000	3.500	January 11, 2021 @ 100%	756586 CG6
October 1, 2027	100,000	4.000	January 11, 2021 @ 100%	756586 CH4
October 1, 2028	105,000	4.000	January 11, 2021 @ 100%	756586 CJ0
October 1, 2029	110,000	4.000	January 11, 2021 @ 100%	756586 CK7
October 1, 2030	115,000	4.000	January 11, 2021 @ 100%	756586 CL5
October 1, 2031	<u>120,000</u>	4.000	January 11, 2021 @ 100%	756586 CM3
Total:	<u>\$ 1,095,000</u>			

\* Preliminary, subject to change.

## ***Sources and Uses of Proceeds***

Sources:

Par Amount  
Net Original Issue Premium

Total:

Uses:

Refunding Escrow Deposit  
Costs of Issuance and Contingency  
Underwriter's Discount

Total:

## ***Verification of Mathematical Computations***

Causey Demgen & Moore P.C. will verify based upon the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the provided schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on the Bonds, and (2) the computations of the yield on both the Government Obligations and the Bonds contained in the provided schedules to be used by Bond Counsel in its determination that the interest on the Bonds is excludable from gross income for Federal income tax purposes.

## ***Optional Redemption***

**Call Provisions.** The Bonds maturing on or before October 1, 2028 will not be subject to redemption prior to maturity. The Bonds maturing on October 1, 2029, and thereafter, will be subject to redemption prior to maturity, at the option of the Town, 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) on any date on or after October 1, 2028 at par plus accrued interest to the redemption date.

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

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

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

DTC 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.

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 Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, 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 Town, 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 Town, 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 Town. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN 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 TOWN 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 TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

### **NATURE OF OBLIGATION**

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

Holders of any series of notes or bonds of the Town 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 Town and will contain a pledge of the faith and credit of the Town 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 Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to

the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011, as amended by Chapter 20 of Laws of 2015, as amended by Chapter 59 of Laws of 2019 (as amended, the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its 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.

### ***Tax Levy Limitation Law***

The Tax Levy Limitation Law applies to virtually all local governments in the State, including school districts (with the exception of New York City). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities’ tax levies. Prior to the enactment of the Tax Levy Limitation Law, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limitation Law imposes a statutory tax levy limitation upon the Town for any fiscal year commencing on or after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town, without limitation as to rate or amount, may or may not be subject to statutory limitations, according to the formulas set forth in the Tax Levy Limitation Law.

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the lesser of (i) two percent, or (ii) the annual increase in the consumer price index, calculated as provided in the Tax Levy Limitation Law.

The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and certain portions of tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law (resolution in the case of fire districts and certain special districts) to override such limit for such coming fiscal year. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. See also “Nature of Obligation.”

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

### **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 Town and the holder thereof. Under current law, provision is made for contract creditors of

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

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

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

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

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. A plan of adjustment potentially including a plan altering the terms of payment of the Bonds can be confirmed by a federal bankruptcy court over the objections of creditors if the plan is found to be "fair and equitable" and "in the best interest of creditors."

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

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

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

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

**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 appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

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

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

period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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

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

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

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

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

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

The Constitutional provision 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 bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

**No Past Due Debt.** No principal of or interest on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET FACTORS AND OTHER RISK FACTORS**

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

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

If and when an owner of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). There can be no assurance that the State appropriations for State aid to municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also “*State Aid*” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see “*Tax Matters*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued

by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Bonds. (See “*Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town, could impair the financial condition of such entities, including the Town, and the ability of such entities, including the Town, to pay debt service on the Bonds.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Town’s operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation.

## **THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS**

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller (“OSC”) has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as “No Designation.”

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

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The most recent audit conducted by OSC



was released on November 2, 2018. The purpose of the audit was to review whether the Board effectively managed the Town's financial condition from fiscal years January 1, 2013 through December 31, 2017. The complete report and the Town's response can be obtained from OSC's website.

## CYBERSECURITY

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

## LITIGATION

As a condition to closing, the Town will represent in its certificate that there is no action or suit pending or, to the knowledge of the Town, threatened against the Town (i) affecting the creation, organization or existence of the Town or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the issuance or delivery of the Bonds, or (iii) in any way contesting or affecting the validity or enforceability of such Bonds.

The Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the Town, would have an adverse material effect on the financial condition of the Town. There is currently a pending suit against the Town, the County, and the owners and operators of the vehicles involved, among other things alleging negligence by the Town in connection with a motor vehicle collision at the intersection of Town and County roads and demanding \$9.5 Million in damages. The Town intends to vigorously defend the matter. There is currently a pending notice of claim alleging damages in excess of \$25,000 in connection with design, construction and maintenance of an existing user road and seeking further equitable relief. The Town intends to vigorously defend the matter. There is currently a pending notice of claim against the Town by a developer alleging unspecified damages as a result of delay in processing requests for approval of a subdivision and related road modifications. The Town intends to vigorously defend the matter.

From time to time certain property owners have filed certiorari petitions under Article 7 of the Real Property Tax Law. Such petitions allege that property values as presently determined are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years. Under State law, the Town may issue debt for the purpose of making tax refunds.

## TAX MATTERS

**Opinion of Bond Counsel.** In the opinion of Rodenhausen Chale & Polidoro LLP, Rhinebeck, New York, Bond Counsel to the Town, under existing law, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Bonds is not treated as an "item of tax preference" for purposes of the federal alternative minimum tax applicable to individuals under the Code. The Arbitrage and Use of Proceeds Certificate of the Town which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures relating to compliance with applicable provisions of the Code.

It is also the opinion of Bond Counsel to the Town that interest on the Bonds is exempt from personal income taxes imposed by the State and its political subdivisions (including The City of New York).

Bond Counsel expresses no opinion with respect to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof.

The Bonds will be designated as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

Bond Counsel’s opinion is rendered as of its date, and no opinion is expressed as to matters referred to herein on any subsequent date. Certain requirements and procedures contained or referred to in the Arbitrage and Use of Proceeds Certificates delivered in connection with the issuance of the Bonds may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such document, upon the advice or with the approving opinion of Bond Counsel. Bond Counsel expresses no opinion as to the Bonds or the interest thereon if any change occurs or action is taken upon the advice or approval of bond counsel other than Rodenhausen Chale & Polidoro LLP, Rhinebeck, New York.

**Certain Requirements of the Code.** The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code. These requirements include but are not limited to restrictions on the investment and use of proceeds of the Bonds and the rebate of certain earnings in respect of such investments to the United States. Noncompliance may cause interest on the Bonds to become subject to Federal income taxes retroactive to the date of issue of the Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. The Town will execute and deliver an Arbitrage and Use of Proceeds Certificate with respect to the Bonds in which will contain provisions and procedures relating to compliance with applicable requirements of the Code. The Arbitrage and Use of Proceeds Certificates will include the Town’s certification to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Bonds is not included in gross income pursuant to Section 103(a) of the Code.

In rendering its opinion, Bond Counsel has relied upon the representations, certifications of fact and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed compliance with such covenants and warranties and the accuracy, in all material respects, of such representations and certifications.

**Certain Additional Federal Tax Consequences.** The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing law. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds. Bond Counsel expresses no opinion regarding any such consequences.

Prospective purchasers of Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, and individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry obligations. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Owners of Bonds subject to any such taxes or who might fall into any such category should consult their own tax advisors as to the computation of any such tax and the applicability of these consequences.

Legislation affecting municipal obligations, such as the Bonds, is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

**Original Issue Discount.** “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Obligation (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a

maturity (a bond with the same maturity, interest rate, and credit terms) means the first price at which at least 10% of that maturity was sold to the public i.e. a purchaser who is not directly or indirectly, a signatory to a written contract to participate in the initial sale of the Tax-Exempt Obligations. In general, the issue price for the Bonds is expected to be the initial public offering price set forth in this Official Statement. For any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or the other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

**Bond Premium.** In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes a “bond premium” on that bond (a “Premium Bond”). In general, under Section 171, of the Code, an owner of a Premium Bond must amortize the premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

**Information Reporting and Backup Withholding.** Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or unless the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

**Miscellaneous.** Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Town as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Town may have different or conflicting interests from the

owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

## **LEGAL MATTERS**

Legal matters incident to the authorized issuance and sale of the Bonds will be subject to the final approving opinions of Rodenhausen Chale & Polidoro LLP, Rhinebeck, New York, Bond Counsel. The form of the approving opinion of bond counsel expected to be delivered at closing is attached to this Official Statement as Appendix D and made a part thereof. See “Tax Levy Limitation Law” herein.

## **LIMITED DISCLOSURE UNDERTAKING**

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

(1) certain annual financial information or operating data with respect to the Town which is customarily prepared by the Town and is publicly available. Such information shall be provided not later than the end of the fiscal year following the fiscal year which is the subject of such information commencing with the fiscal year ending December 31, 2020. Such information shall be of the general type contained in Appendices B and C of the Town’s final Official Statement, and may include the annual financial report update document filed with the State Comptroller and the adopted budget unless an audit is prepared, in which case such audit shall be provided within sixty days of the date it becomes available. The Town is an issuer with less than \$10,000,000 in outstanding municipal securities (including the Bonds and excluding exempt municipal securities).

(2) (a) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Bonds: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bonds holders, 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 Town; Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town 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 Town, 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 Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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 Town, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Town, any of which affect bondholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Town, if any such event reflects financial difficulties.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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 Issuer 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 Issuer 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 Issuer, 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 Issuer.

(b) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified in the Undertaking.

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

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

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

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

### **MUNICIPAL ADVISOR**

Capital Markets Advisors, LLC, Great Neck, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities

Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Town in connection with this transaction.

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

### **RATING**

The Town has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. Such application is pending at this time.

The Town’s outstanding, uninsured bonds are assigned a rating of “AA” by S&P.

Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating should be obtained from S&P at the following address: S&P, 55 Water Street, New York, New York 10041. 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 S&P, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

### **ADDITIONAL INFORMATION**

Additional information may be obtained from Ann M. Conway, Bookkeeper, 7340 South Broadway, Red Hook, New York 12571, telephone (845) 758-4601, e-mail: [aconway@redhook.org](mailto:aconway@redhook.org) or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue – Suite 308, Great Neck, New York 11021, (516) 487-9818.

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

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

TOWN OF RED HOOK  
DUTCHESS COUNTY, NEW YORK

By: \_\_\_\_\_  
Robert McKeon  
Supervisor and Chief Fiscal Officer

DATED: November , 2020

**APPENDIX A**

**THE TOWN**

## **THE TOWN**

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

### ***General Information***

The Town is classified as a First Class Town, encompasses 36.7 square miles within the northwestern part of the County of Dutchess, New York. The Town includes the Villages of Red Hook and Tivoli and has an estimated 2017 population of 11,238 according to the American Community Survey. The Town is a historically rural area intermixed with residential development. Residences consist primarily of single-family homes. The Town also enjoys retail and commercial activity which is located primarily in the villages and along U.S. Routes 9 and 9G.

### ***Form of Government***

The Town was established in 1812. The Town is a separate political entity vested with independent taxing and debt authority. Situated within the Town's borders is the majority of the Red Hook Central School District and a very small portion of Rhinebeck Central School District. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Town Supervisor, who is the presiding member and chief fiscal officer of the Town, elected for a term of four years. The four other members of the Town Board (Councilmen) are elected at large to four-year terms. There are no limitations as to the number of terms which may be served.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. The Clerk is elected to serve a four-year term; the number of terms is not limited. The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all State, County, Town and all assessments that may be levied in the Town. The Receiver of Taxes is appointed by the Town Board. Other offices of the Town include: two Town Justices, each elected to a four-year term; and the Highway Superintendent, elected to a four-year term.

### ***Services***

The Town is responsible for providing most governmental services to its residents.

Highway construction and maintenance is also a Town function. In addition, recreation is provided and parks maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The County Sheriff's Office and the New York State Police furnish police protection while fire protection is provided for through a protection district located in the Town. Education is the responsibility of the two independent school districts serving the Town. The County of Dutchess provides various social and health services.

Outside the Villages, water services are furnished by the Town Water District No. 1 and private wells. The County has created a zone of assessment to serve a pending development in the Town with water provided through an intermunicipal agreement with the Village of Red Hook. Sewer services are provided by private septic systems and a small County sewer service area. The County has created a part County sewer district to serve a pending development adjacent to the County's existing sewer service area.

### ***Employees***

The Town currently employs 9 full-time workers and 24 part-time workers. The Town is currently in negotiation with representatives of the new Highway Department bargaining unit, United Public Service Employees Union, regarding a contract. There are no other collective bargaining organizations representing Town employees.



## ***Employee Benefits***

Substantially all employees of the City are members of the New York State and Local Employees Retirement System (“ERS” or the “Retirement System”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

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

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Town generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2015 for the current year.

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

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

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

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

**ERS Contributions.** For the years ended December 31, 2016 through 2020 and as budgeted for 2021, the Town’s contributions to the ERS were as follows:

Fiscal Year	ERS
2016	136,992
2017	127,179
2018	127,837
2019	132,500
2020	138,560
2021 (Budget)	147,862

See “Notes to Financial Statements- Note B-1” in the audited financial statements.

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

***Other Postemployment Benefits***

For fiscal years beginning after June 15, 2017, the Town is subject to GASB Statement No. 75 (“GASB 75”) which replaces GASB 45. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and OPEB. GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The Town currently completes an annual update document which is filed with the State of New York that reports on the financials of the various funds of the Town. As the Town does not complete entity wide financial statements, there is no requirement to obtain an actuarial report to determine the cost of the OPEB liability and no actuarial report has been completed. For the year 2019, approximately \$29,879 was paid on behalf of enrolled retirees.

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its actuarial accrued OPEB liability. At this time, the State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Legislation has been introduced from time to time in the State Legislature to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment

of OPEB liabilities. As proposed, such legislation would generally authorize the establishment of a trust by resolution of the local government's governing board which would serve as the trustee (unless trustee authority is delegated to the local government's chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with a written investment policy developed by the trustee and a written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust.

## **FINANCIAL FACTORS**

### ***Budgetary Procedure***

The budget process, including preparation, approval and amendment thereof, is determined by Article 8 of the Town Law. As noted, the Supervisor is the Town's budget officer and is required by law to file a tentative budget with the Town Clerk on or before September 30 of each year. The tentative budget is submitted to the Town Board not later than October 5; following review and modification, a preliminary budget hearing is held by the 15th of November.

At this hearing, members of the public may express opinions which the Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The Board is required to adopt the final annual budget by November 20. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations subject to legal provisions.

A summary of the adopted budget for the fiscal year ending December 31, 2020 may be found in Appendix B, herein.

### ***Investment Policy***

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

**Authorized Investments.** The Town has designated three banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit. The Town is a participant in the NYCLASS Municipal Cooperation Agreement in order to provide for investment of certain funds through the NYCLASS portfolio. In addition,

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

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

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

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

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

### ***Financial Operations***

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, some of which are delegated to and carried out by the Town Bookkeeper. The Supervisor is also assisted by the Town's budget officer in preparing the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Town Supervisor assisted by the Bookkeeper. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specified types of bonds. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

The accounting system of the Town is maintained on a modified accrual basis. Under the modified accrual basis, revenues are normally recognized in cash except those revenues which are susceptible to accrual, meaning the revenue is measurable and available to finance current operations. Expenditures are generally recognized as incurred except: prepaid items are not recorded and interest on long-term debt is recorded when due. Employee pensions are not accounted for on the accrual method in that these plans are administered by New York State who bills the Town each year.

Town finances are operated primarily through the General and Highway Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water, lighting and fire protection districts, which are accounted for within separate funds. The primary sources of income for these Town special districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The Town prepares an unaudited annual financial report which must be filed with the State Comptroller. Appendix C contains a link to the most recently completed unaudited report is for the fiscal year ended December 31, 2019.

***Certain Information Obtained From Financial Statements***

The information for the fiscal years ended December 31, 2015-2019 presented in Appendix B hereto has been excerpted from the unaudited annual financial reports of the Town required to be submitted annually to the New York State Comptroller. Copies of the Town's unaudited financial reports will be made available upon request.

***Impacts of COVID-19***

The Town has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to community outreach, employee health, and building safeguards. The Town has paid such costs from budgetary appropriations and/or available funds. The Town’s State Aid for the 2020 fiscal year has been reduced and the Town also expects a reduction of up to 20% in State aid during the 2021 fiscal year.

***Revenues***

The Town derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2015-2019 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Town’s unaudited annual financial reports; however, such presentation has not been audited.

**Property Taxes.** The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 46.2% of total general fund and other governmental funds revenues for the fiscal year ended December 31, 2019.

The following table sets forth total fund revenues and real property taxes received for each of the past five unaudited fiscal years ended and the amount budgeted for the current fiscal year.

**Fund Revenues & Real Property Taxes<sup>(1)</sup>**

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Taxes to Revenues</u>
2015	\$2,598,009	\$1,287,152	49.5%
2016	2,506,790	1,244,803	49.7
2017	2,513,722	1,242,605	49.4
2018	2,629,343	1,241,703	47.2
2019	2,684,944	1,240,738	46.2
2020 (Budget)	2,744,002	1,250,644	45.6

(1) Includes the Town’s General Fund and Town Outside Village Fund.  
Source: Unaudited Annual Financial Reports and Adopted Budget of the Town. Summary itself not audited.

**State Aid.** The Town receives financial assistance from the State. Excluding other financing sources, State Aid accounted for approximately 9.6% of the General Fund revenues of the Town for the year ended December 31, 2019. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, 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 Town. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurance that the State’s financial

position will not change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, 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*”, herein.)

The Governor’s Executive Budget for the State’s 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities (“AIM”) for certain municipalities, including the Town. However, in the State’s final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage will be used to keep towns and villages whole. The Enacted Budget for the State’s 2020-2021 fiscal year maintains the Aid and Incentives for Municipalities (“AIM”) Related Revenue Sharing and continues to support towns and villages at the same funding level as the 2019-2020 Enacted Budget. State Operating Funds spending for the various efficiency and restructuring grants within the Aid and Incentives for Municipalities (“AIM”) program is projected to increase due to potential awards from the Financial Restructuring Board for Local Governments.

The State’s 2020-2021 Adopted Budget authorizes the State’s Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State’s 2020-2021 budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if “a General Fund imbalance has occurred during any Measurement Period,” the State’s Budget Director will be empowered to “adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget,” and “such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed.” The legislation further provides that prior to making any adjustments or reductions, the State’s Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director’s reductions take effect automatically.

It is anticipated that the State Budget Director’s powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the “Financial Plan”), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including “aid-to-localities,” a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2020-2021 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State’s General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

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

The following table sets forth total fund revenues and State aid revenues received for each of the past five unaudited fiscal years and the amount budgeted for the current fiscal year.

**Fund Revenues & State Aid Revenues<sup>(1)</sup>**

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2015	\$2,598,009	\$311,623	12.0%
2016	2,506,790	294,667	11.8
2017	2,513,722	293,731	11.7
2018	2,629,343	290,985	11.1
2019	2,684,944	259,077	9.6
2020 (Budget)	2,744,002	353,971	12.9

(1) Includes the Town's General Fund Town Outside Village Fund.

Source: Unaudited Annual Financial Reports and Adopted Budget of the Town. Summary itself not audited.

**Sales Tax.** The Town receives a share of the County sales tax. The County currently imposes a local 3.75% sales tax in addition to the 4.25% State tax. Such taxes are collected and administered by the State Tax Commission and the proceeds are paid monthly to the County.

The current 3.75% sales tax is a result of a 0.75% tax rate increase which became effective on June 1, 2003. Pursuant to Chapter 528 of the Laws of 2007, the State Legislature authorized a two-year extension of the 0.75% increase in the County's sales tax rate. The County Legislature amended the 1975 resolution enacting the County's sales tax by resolution 207259 which was signed by the County Executive on September 20, 2007. The additional 0.75% sales tax rate continues and has been extended through November 2017.

The following table sets forth total general fund revenues and sale taxes received for each of the past five fiscal years ended December 31 and the amounts budgeted for the current fiscal year.

**General Fund Revenues & Sales Tax<sup>(1)</sup>**

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>Sales Tax</u>	<u>Sales Tax to Revenues</u>
2015	\$2,598,009	\$419,748	16.2%
2016	2,506,790	425,317	17.0
2017	2,513,722	438,248	17.4
2018	2,629,343	460,466	17.5
2019	2,684,944	541,204	20.1
2020 (Budget)	2,744,002	515,000	18.7

(1) Includes the Town's General Fund and Town Outside Village Fund.

Source: Unaudited Annual Financial Reports and Adopted Budget of the Town. Summary itself not audited.

## REAL PROPERTY TAXES

### *Assessed and Full Valuations*

The Town derives the largest portion of its annual revenues through ad valorem real property taxes and special assessment taxes. The following table shows the trend during the last four fiscal years and the current fiscal year for taxable assessed valuations, state equalization rates, full valuations, real property taxes, special assessments and real property tax rates per \$1,000 assessed valuation.

Fiscal year:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Taxable Value	\$1,164,228,892	\$1,173,980,255	\$1,175,434,694	\$1,175,945,017	\$1,184,862,372
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Value	\$1,164,228,892	\$1,173,980,255	\$1,175,434,694	\$1,175,945,017	\$1,184,862,372
Town Tax Levy:					
General & Highway	2,337,453	2,311,790	2,313,105	2,312,912	2,312,021
Special District (a)	815,046	837,235	837,508	839,758	839,291
Amount Uncollected (b)	None	None	None	None	None
Tax Rate: (c)					
General & Highway:	2.35	2.31	2.31	2.30	2.30

(a) Includes Lighting, Fire Protection and Library.

(b) See "Tax Collection Procedures" herein.

(c) Town outside Village tax rate per \$1,000 assessed value.

Source: Office of the Town Supervisor and the New York State Office of Real Property and Tax Services (the "ORPTS").

### *Tax Collection Procedures*

Taxes must be paid in full when due. No penalty is imposed on payments made by February 28th. Penalties on delinquent taxes paid subsequent to February 28th are imposed as follows: 2% on payments made from March 1st to May 31st and 4% on payments made from June 1st to August 31st. Unpaid tax bills are returned to the Dutchess County Commissioner of Finance in September. At such time, the Town retains the total amount of Town, Highway and Special District levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility for ultimate collection and enforcement of delinquent taxes and holds annual tax sales. The Town also collects and remits to the Red Hook Public Library and Tivoli Free Library a special levy for each such Library as authorized by a special referendum approved pursuant to Section 259 of the Education Law.

### *Ten of the Largest Taxpayers*

The following table presents the taxable assessments of the ten largest taxpayers for the 2020 tax year.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Assessed Valuation <sup>(1)</sup></u>
New York Central Lines LLC	Railroad	\$16,381,000	1.39%
Sosnoff, Martin T., Trustee	Resid. Estate & Land	7,730,300	0.66
Central Hudson G&E	Utility	7,160,412	0.61
Martins Foods of S. Burlington	Food Retail Store	6,450,500	0.55
Eversleigh, LLC	Resid. Estate & Land	5,517,000	0.47
Classical American Homes	Resid. Estate & Land	5,084,300	0.43
Lerrick, Adam	Resid. Estate & Land	4,705,000	0.40
Migliorelli, Kenneth A	Resid. Estate & Land	4,659,200	0.40
Greig, Robert T.	Resid. Estate & Land	3,620,700	0.31
Rokeby LP	Resid. Estate & Land	3,338,500	0.28
Total of Ten Largest Taxpayers:		<u>\$64,646,912</u>	<u>5.50%</u>

(1) The 2020 assessed valuation for of the Town is \$1,184,862,372



## TOWN INDEBTEDNESS

### *Constitutional Requirements*

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

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

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

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

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

### *Statutory Procedure*

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

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

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

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

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

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

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

***Constitutional Debt-Contracting Limitation***

ORPTS annually establishes State equalization rates for all assessing units in the State, including the Town, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Town is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation (See “Constitutional Requirements, Debt Limit,” herein). **See “Tax Levy Limitation Law” herein as to statutory limitations.**

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

Pursuant to Article VIII of the New York State Constitution, the debt limit of the Town is as follows:

**Computation of Debt Contracting Limitation  
As of May 16, 2019**

<u>Assessment Roll Completed in</u>	<u>For Fiscal Year Ended December 31</u>	<u>Assessed Valuation</u>	<u>Equalization Rate (a)</u>	<u>Full Valuation</u>
2015	2016	\$1,164,218,892	100.00%	\$1,164,218,892
2016	2017	1,173,980,255	100.00	1,173,980,255
2017	2018	1,175,434,694	100.00	1,175,434,694
2018	2019	1,175,945,017	100.00	1,175,945,017
2019	2020	1,184,862,372	100.00	1,184,862,372
Total Five-Year Full Valuation				<u>\$5,874,441,230</u>
Average Five-Year Full Valuation				<u>1,174,888,246</u>
Debt Limit - 7% of Average Full Valuation				<u><u>\$82,242,177</u></u>

## Statutory Debt Limit and Net Indebtedness

### Statement of Debt Contracting Power As of November 13, 2020

	<u>Amount</u>	<u>Percentage</u>
Debt Limit:	<u>\$82,242,177</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds <sup>(1)</sup>	4,983,839	6.06
Bond Anticipation Notes	<u>0</u>	<u>0.00</u>
Total Gross Indebtedness	<u>4,983,839</u>	<u>6.06</u>
Less Exclusions:		
Budgetary Appropriations <sup>(2)</sup>	<u>35,278</u>	<u>0.04</u>
Total Exclusions	<u>35,278</u>	<u>0.04</u>
Total Net Indebtedness	<u>4,948,561</u>	<u>6.02</u>
Net Debt Contracting Margin	<u>\$77,293,616</u>	<u>93.98%</u>

(1) Includes \$428,839 of outstanding statutory installment bonds.

(2) Principal portion of not-exempt debt.

### Short-Term Indebtedness

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

**Capital Purposes.** Bond anticipation notes may be sold to provide moneys for capital projects once an enabling bond resolution has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years in most cases. Such notes may not be renewed after the second year, unless there is a principal payment on the notes from a source other than the proceeds of bonds. In no event, may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued. Capital notes may be issued to finance any capital purposes; the term for capital notes is generally limited to two years.

The Town currently has no outstanding bond anticipation notes.

**Operating Purposes.** The Town is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law as well as the regulations issued under the U.S. Internal Revenue Code. Notes may be renewed from time to time generally not beyond the third year after issuance in the case of revenue anticipation notes and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year, unless issued after adoption of the ensuing year's budget, in which case, must be redeemed by the end of the second year after issuance.

The Town has not borrowed for cash flow or working capital needs in the last five fiscal years.

***Trend of Capital Debt***

**2015-2019**

<u>Fiscal Year Ended December 31:</u>	<u>Gross Bonded Debt</u>	<u>Bond Anticipation Notes</u>	<u>Total</u>
2015	\$3,475,200	\$443,000	\$3,918,200
2016	3,515,000	0	3,515,000
2017	4,060,000	0	4,060,000
2018	3,781,225	0	3,781,225
2019	5,060,000	0	5,060,000

***Overlapping and Underlying Debt***

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of Dutchess County, the Villages of Red Hook and Tivoli and the Red Hook Central School District and Rhinebeck partially situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The following table presents the amount of overlapping debt and the Town's estimated share of this debt. Authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness  
As of November 10, 2020**

Gross Direct Indebtedness	4,983,839
Exclusions and Deductions	<u>35,278</u>
Net Direct Indebtedness	<u>4,948,561</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Indebtedness</u>	<u>Percent Applicable To Town</u>	<u>Applicable Net Indebtedness</u>
County:				
Dutchess	02-21-20	\$139,080,000	4.03%	\$5,604,924
Villages:				
Red Hook	05-31-18	6,156,006	100.00	6,156,006
Tivoli	05-31-18	90,400	100.00	90,400
School Districts:				
Red Hook Central School District	06-02-20	17,690,000	74.69	13,212,661
Rhinebeck Central School District	12-06-18	16,795,000	0.78	<u>131,001</u>
Total				<u><u>\$25,194,992</u></u>

**Debt Ratios**

The following Table presents certain debt ratios relating to the Town's indebtedness as of November 10, 2020.

**Direct and Overlapping Debt Ratios  
As of November 10, 2020**

	<u>Amount</u>	<u>Per Capita (a)</u>	<u>Full Value (b)</u>
Net Direct Debt	\$ 4,948,561	\$ 440	0.42%
Net Direct and Overlapping Debt	30,143,553	2,682	2.54

- (a) The population of the Town, according to the 2017 estimated U.S. Census Data, is 11,238.  
 (b) Assessed real property valuation for taxes levied in fiscal 2020 is \$1,184,862,372. The Town's equalization rate established by the ORPTS is 100.00% yielding a full valuation of \$1,184,862,372.

**Authorized But Unissued Debt**

After the issuance of the Bonds, the Town will have \$393,484 remaining authorized but unissued debt.

<u>Resolution Date</u>	<u>Purpose</u>	<u>Amount</u>
07/09/13	Demolition of Highway Garage	\$100,000
04/27/16	Dump Truck	5,000
08/23/17	Lighting	69,000
09/30/17	LED Lighting	79,484
10/05/17	Tennis Courts	50,000
12/12/17	Municipal Campus	31,842
12/12/17	Rec Park	51,316
06/18/19	Stony Brook	6,842
		<u>\$393,484</u>

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## ***Debt Service Schedule***

The following Table shows the annual debt service requirements on all outstanding Town bonds, exclusive of the Bonds.

### **Schedule of Debt Service Requirements <sup>(1)</sup>**

Fiscal Years Ending Dec. 31:	Principal	Interest	Total <sup>(1)</sup>
2020 <sup>(2)</sup>	\$ 387,544	\$ 153,151	\$ 540,695
2021	414,710	145,356	560,066
2022	400,774	134,347	535,121
2023	340,800	123,997	464,797
2024	346,000	113,300	459,300
2025	356,200	102,410	458,610
2026	366,500	92,451	458,951
2027	371,850	82,221	454,071
2028	387,200	71,242	458,442
2029	397,650	59,740	457,390
2030	413,200	47,589	460,789
2031	423,800	42,202	466,002
2032	314,700	20,046	334,746
2033	130,000	9,900	139,900
2034	130,000	6,000	136,000
2035	135,000	2,025	137,025
Total	<u>\$5,315,928</u>	<u>\$1,205,977</u>	<u>\$6,521,905</u>

- (1) As of November 13, 2020, the Town has paid \$351,967 principal and \$99,531 interest for bond payments due in the fiscal year ending December 31, 2020.  
 (2) For the entire fiscal year.

## **ECONOMIC AND DEMOGRAPHIC DATA**

### ***Population***

	<b>Population</b>			<b>% Change</b>	
	<b>2000</b>	<b>2010</b>	<b>2017</b>	<b>2000-2010</b>	<b>2010-2017</b>
Town	10,408	11,319	11,238	8.8%	(0.7)%
County	280,150	297,488	295,685	6.2	(0.6)
State	18,976,457	19,378,102	19,798,228	2.1	2.2

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

***Income***

The following table indicates comparative income statistics for the Town, County, and State.

**Per Capita Money Income**

	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Town	28,964	33,982	17.3%
County	31,642	36,704	16.0
State	30,948	35,752	15.5

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

**Median Income of Families**  
**2017**

	<u>Median Family Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under \$25,000</u>	<u>\$25,000 -49,999</u>	<u>\$50,000 -74,999</u>	<u>\$75,000 -99,999</u>	<u>\$100,000 Or More</u>
Town	92,050	3.0%	16.1%	18.2%	16.6%	46.1%
County	94,533	7.7	14.5	15.8	15.1	46.7
State	77,141	14.6	18.1	16.1	13.1	38.1

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

***Employment***

**Average Employed Civilian Labor Force**  
**2000 - 2018**

	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>% Change</u>	
				<u>2000-2010</u>	<u>2010-2018</u>
County	134,000	137,700	140,200	2.8%	1.8%
State	8,717,465	8,769,700	9,181,100	0.6	4.7

Source: New York State Department of Labor.

*(The remainder of this page has been intentionally left blank.)*

### Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	5.3%	6.3%	6.2%
2015	4.5	5.3	5.3
2016	4.2	4.9	4.9
2017	4.3	4.7	4.4
2018	3.7	4.1	3.9
2019	3.6	4.0	3.6
2020: <sup>(1)</sup>			
Jan	4.0	4.1	3.6
Feb	3.9	3.9	3.5
Mar	3.8	4.2	4.4
April	14.2	15.1	14.7
May	10.6	14.2	13.3
June	11.4	15.5	11.1
July	12.5	16.0	10.2
August	9.3	12.5	8.4
September	5.8	9.4	7.9

(1) Monthly Rates.

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

### ***Education***

Elementary and secondary education is the responsibility of the two independent school districts in the Town. Children of the Town attend one of the two school districts, determined by geography. Dutchess County Community College, a two-year co-educational college, offers four main programs of study leading to associate degrees in the arts, science, applied science and a one year certificate. In addition, there are three four-year colleges located in the County. These institutions are Bard College, Marist College and Vassar College. Dutchess County is also home to the Culinary Institute of America, a world renowned school of culinary arts.

### ***Financial Institutions***

Numerous banking facilities are available in and around the Town. Many of the State's major commercial banks have branch offices located in the area. Key Bank, M&T Bank, Rhinebeck Bank, Trustco Bank and Ulster Savings Bank are located within the Town. As of June 30, 2018, total funds deposited at banks located in the Town were approximately \$251.9 million, according to the Federal Deposit Insurance Corporation.

### ***Transportation***

The Town is served by all major forms of transportation. Highway facilities include State Routes 9 and 9G as well as various Town and County highways. Commuter rail transportation is provided by the Metropolitan Transportation Authority at Poughkeepsie and Amtrak at Rhinecliff. Freight rail service is provided by CSX in Ulster County. Domestic and international airline service is available at Albany Airport to the north and the New York airports to the south (LaGuardia Airport, Newark Airport and Kennedy International Airport). Additional air service is available at the Stewart Airport in Newburgh.



*Utilities*

Electricity and natural gas are supplied throughout the Town by CH Energy Group, Inc. Telephone service is provided by Frontier Communications and various cell service providers.

**END OF APPENDIX A**

**APPENDIX B**

**UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS**

TOWN OF RED HOOK  
GENERAL TOWN FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 744,821	\$ 798,381	\$ 854,546	\$ 815,782	\$ 744,649
Accounts Receivable	71,684	72,517	5,381	6,023	96,461
Due From Other Funds	30,000	5,599	35,000	50,727	140,016
Due From Other Governments	8,675	0	65,000	65,000	0
Restricted Assets	0	0	0	0	0
Prepaid Expenses	11,633	0	0	0	0
<b>Total Assets</b>	<b>\$ 866,813</b>	<b>\$ 876,497</b>	<b>\$ 959,927</b>	<b>\$ 937,532</b>	<b>\$ 981,126</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 30,128	\$ 25,635	\$ 37,195	\$ 29,427	\$ 33,778
Accrued Liabilities	1,219	3,565	5,381	0	0
Due to Other Funds	0	0	0	0	0
Other Liabilities	0	0	0	0	0
<b>Total Liabilities</b>	<b>31,347</b>	<b>29,200</b>	<b>42,576</b>	<b>29,427</b>	<b>33,778</b>
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Equity:					
Restricted	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	835,466	847,297	917,351	908,105	947,348
<b>Total Fund Equity</b>	<b>835,466</b>	<b>847,297</b>	<b>917,351</b>	<b>908,105</b>	<b>947,348</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 866,813</b>	<b>\$ 876,497</b>	<b>\$ 959,927</b>	<b>\$ 937,532</b>	<b>\$ 981,126</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenation however has not been audited.

**TOWN OF RED HOOK  
GENERAL TOWN FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Real Property Taxes	\$ 1,286,252	\$ 1,243,903	\$ 1,241,705	\$ 1,241,703	\$ 1,240,738
Real Property Tax Items	19,325	19,818	19,810	20,202	22,295
Non-Property Tax Items	68,634	65,000	68,402	74,403	87,664
Departmental Income	61,046	48,045	37,033	25,228	38,991
Intergovernmental Charges	12,000	7,000	0	15,268	15,000
Use Of Money And Property	121,895	123,101	105,991	103,927	121,073
Licenses and Permits	10,212	9,659	8,851	8,122	7,710
Fines and Forfeitures	30,660	35,709	33,145	45,359	55,336
Sale of Property And Compensation For Loss	13,959	209	181	4,786	844
State Aid	303,951	281,281	276,875	250,485	236,353
Miscellaneous	4,453	20,716	8,721	4,803	2,064
<b>Total Revenues</b>	<b>1,932,387</b>	<b>1,854,441</b>	<b>1,800,714</b>	<b>1,794,286</b>	<b>1,828,068</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	\$ 620,026	\$ 866,136	\$ 640,311	\$ 727,678	\$ 667,962
Public Safety	10,037	28,565	20,313	10,715	10,947
Health	0	0	0	0	0
Transportation	155,058	120,241	148,310	180,789	181,124
Economic Assistance And Opportunity	7,100	7,100	7,850	8,000	8,000
Culture And Recreation	160,210	166,530	156,753	160,188	224,249
Home And Community	0	0	0	45,135	31,646
Employee Benefits	222,722	228,751	217,610	236,171	254,962
Debt Service	304,813	395,287	269,513	295,110	289,434
<b>Total Expenditures</b>	<b>1,479,966</b>	<b>1,812,610</b>	<b>1,460,660</b>	<b>1,663,786</b>	<b>1,668,324</b>
Excess (Deficiency) of Revenues Over Expenditures	452,421	41,831	340,054	130,500	159,744
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - Out	(97,264)	(30,000)	(270,000)	(139,746)	(120,500)
<b>Total Other Financing Sources (Uses)</b>	<b>(97,264)</b>	<b>(30,000)</b>	<b>(270,000)</b>	<b>(139,746)</b>	<b>(120,500)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	355,157	11,831	70,054	(9,246)	39,244
Fund Balance - Beginning of Year	480,309	835,466	847,297	917,351	908,105
Prior Year Adjustment	0	0	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 835,466</b>	<b>\$ 847,297</b>	<b>\$ 917,351</b>	<b>\$ 908,105</b>	<b>\$ 947,349</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
GENERAL TOWN OUTSIDE FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 518,877	\$ 663,818	\$ 618,217	\$ 626,022	\$ 844,689
Accounts Receivable	17,088	10,208	10,308	77,916	12,856
Due From Other Funds	0	0	60,000	0	0
Due From Other Governments	96,543	97,057	95,833	95,858	96,182
Prepaid Expenses	3,302	0	0	0	0
<b>Total Assets</b>	<b>\$ 635,810</b>	<b>\$ 771,083</b>	<b>\$ 784,358</b>	<b>\$ 799,796</b>	<b>\$ 953,727</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 36,166	\$ 25,794	\$ 32,916	\$ 42,843	\$ 37,245
Due to Other Funds	0	0	0	0	0
Other Liabilities	6,134	9,646	7,905	4,501	3,600
<b>Total Liabilities</b>	<b>42,300</b>	<b>35,440</b>	<b>40,821</b>	<b>47,344</b>	<b>40,845</b>
Fund Equity:					
Restricted	0	0	0	0	0
Assigned	593,510	735,643	743,537	752,452	912,882
Unassigned	0	0	0	0	0
<b>Total Fund Equity</b>	<b>593,510</b>	<b>735,643</b>	<b>743,537</b>	<b>752,452</b>	<b>912,882</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 635,810</b>	<b>\$ 771,083</b>	<b>\$ 784,358</b>	<b>\$ 799,796</b>	<b>\$ 953,727</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenation however has not been audited.

**TOWN OF RED HOOK  
GENERAL TOWN OUTSIDE VILLAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION**

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Real Property Taxes	\$ 900	\$ 900	\$ 900	\$ 0	\$ 0
Non-Property Tax Items	419,748	425,317	438,248	460,466	541,204
Departmental Income	160,825	122,171	178,205	262,143	208,740
Intergovernmental Charges	15,000	15,000	0	0	0
Use Of Money And Property	59	192	305	637	6,471
Licenses and Permits	45,851	63,680	63,425	57,645	55,794
Sale of Property And Compensation For Loss	10,255	10,269	13,709	11,756	14,784
State Aid	7,672	13,386	16,856	40,500	22,724
Miscellaneous	5,312	1,434	1,360	1,910	7,159
<b>Total Revenues</b>	<b>665,622</b>	<b>652,349</b>	<b>713,008</b>	<b>835,057</b>	<b>856,876</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	\$ 15,355	\$ 25,428	\$ 21,974	\$ 26,839	\$ 17,487
Public Safety	167,143	165,760	182,098	190,728	198,965
Health	1,190	1,410	1,590	2,200	2,430
Transportation	24,714	19,453	28,425	24,366	27,201
Culture And Recreation	0	0	0	0	0
Home And Community	243,127	226,040	315,762	448,191	354,868
Employee Benefits	37,986	37,592	37,418	33,817	38,496
<b>Total Expenditures</b>	<b>489,515</b>	<b>475,683</b>	<b>587,267</b>	<b>726,141</b>	<b>639,447</b>
Excess (Deficiency) of Revenues Over Expenditures	176,107	176,666	125,741	108,916	217,429
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - Out	\$ (79,176)	\$ (34,533)	\$ (117,847)	\$ (100,000)	\$ (57,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(79,176)</b>	<b>(34,533)</b>	<b>(117,847)</b>	<b>(100,000)</b>	<b>(57,000)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	96,931	142,133	7,894	8,916	160,429
Fund Balance - Beginning of Year	496,579	593,510	735,643	743,537	752,453
Prior Year Adjustment	0	0	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 593,510</b>	<b>\$ 735,643</b>	<b>\$ 743,537</b>	<b>\$ 752,453</b>	<b>\$ 912,882</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
HIGHWAY FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>ASSETS</b>					
Cash	\$ 629,306	\$ 308,609	\$ 298,497	\$ 465,987	\$ 282,997
Accounts Receivable	1,259	31,484	197,953	10,333	199,683
Due From Other Funds	0	228,466	130,300	0	0
Due From Other Governments	0	0		0	0
Prepaid Expenses	134	0		0	0
<b>Total Assets</b>	<b>\$ 630,699</b>	<b>\$ 568,559</b>	<b>\$ 626,750</b>	<b>\$ 476,320</b>	<b>\$ 482,680</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 53,915	\$ 19,785	\$ 13,269	\$ 16,065	\$ 38,404
Other Liabilities	4,189	2,649	5,618	0	0
Due To Other Funds	0	0	60,000	0	0
<b>Total Liabilities</b>	<b>58,104</b>	<b>22,434</b>	<b>78,887</b>	<b>16,065</b>	<b>38,404</b>
Fund Equity:					
Restricted	0	0	0	0	0
Assigned	572,595	546,125	547,863	460,253	444,276
Unassigned	0	0	0	0	0
<b>Total Fund Equity</b>	<b>572,595</b>	<b>546,125</b>	<b>547,863</b>	<b>460,253</b>	<b>444,276</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 630,699</b>	<b>\$ 568,559</b>	<b>\$ 626,750</b>	<b>\$ 476,318</b>	<b>\$ 482,680</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
HIGHWAY FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Real Property Taxes	\$ 1,027,228	\$ 1,060,320	\$ 1,060,320	\$ 1,060,316	\$ 1,061,086
Departmental Income	4,982	5,286	5,065	4,374	2,491
Intergovernmental Charges	39,996	68,865	81,166	60,111	76,738
Use Of Money And Property	437	432	345	983	10,695
Sale of Property And					
Compensation For Loss	120	37,873	25,325	18,055	0
Miscellaneous	2,291	2,259	2,567	2,000	2,000
Federal Aid	0	0	0	32,039	0
State Aid	168,397	160,160	184,733	188,213	181,436
<b>Total Revenues</b>	<b>1,243,451</b>	<b>1,335,195</b>	<b>1,359,521</b>	<b>1,366,091</b>	<b>1,334,446</b>
<b>EXPENDITURES:</b>					
Current:					
General Government Support	\$ 0	\$ 0	\$ 1,718	\$ 6,565	\$ 6,751
Transportation	915,608	879,503	958,049	956,487	956,768
Employee Benefits	267,469	275,204	284,460	297,841	345,642
Debt Service	103,892	40,859	0	76,754	98,262
<b>Total Expenditures</b>	<b>1,286,969</b>	<b>1,195,566</b>	<b>1,244,227</b>	<b>1,337,647</b>	<b>1,407,423</b>
Excess of Revenues Over Expenditures	(43,518)	139,629	115,294	28,444	(72,977)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - Out	0	(183,250)	(331,403)	(143,679)	0
Transfers - In	79,176	34,533	217,847	27,625	57,000
<b>Total Other Financing Sources (Uses)</b>	<b>79,176</b>	<b>(148,717)</b>	<b>(113,556)</b>	<b>(116,054)</b>	<b>57,000</b>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	35,658	(9,088)	1,738	(87,610)	(15,977)
Fund Balance - Beginning of Year	536,937	555,213	546,125	547,863	460,253
Prior Period Adjustment	0	0	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 572,595</b>	<b>\$ 546,125</b>	<b>\$ 547,863</b>	<b>\$ 460,253</b>	<b>\$ 444,276</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.



TOWN OF RED HOOK  
 LIGHTING DISTRICT FUND  
 BALANCE SHEET  
 UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2015	2016	2017	2018	2019
<b>ASSETS</b>					
Cash	\$ 10,801	\$ 13,137	\$ 23,711	\$ 25,484	\$ 25,647
Total Assets	<u>\$ 10,801</u>	<u>\$ 13,137</u>	<u>\$ 23,711</u>	<u>\$ 25,484</u>	<u>\$ 25,647</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 2,462	\$ 2,356	\$ 2,399	\$ 2,298	\$ 2,890
Total Liabilities	<u>\$ 2,462</u>	<u>\$ 2,356</u>	<u>\$ 2,399</u>	<u>\$ 2,298</u>	<u>\$ 2,890</u>
Fund Equity:					
Restricted	0	0	0	0	0
Assigned	8,339	10,781	21,312	23,140	22,757
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>8,339</u>	<u>10,781</u>	<u>21,312</u>	<u>23,140</u>	<u>22,757</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 10,801</u>	<u>\$ 13,137</u>	<u>\$ 23,711</u>	<u>\$ 25,438</u>	<u>\$ 25,647</u>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
 LIGHTING DISTRICT FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Real Property Taxes	\$ 30,000	\$ 29,990	\$ 29,990	\$ 30,000	\$ 29,969
Miscellaneous	0	0	13,341	0	0
Use of Money and Property	6	13	16	56	334
<b>Total Revenues</b>	<b>30,006</b>	<b>30,003</b>	<b>43,347</b>	<b>30,056</b>	<b>30,303</b>
<b>EXPENDITURES:</b>					
Current:					
Transportation	\$ 26,507	\$ 27,561	\$ 32,816	\$ 28,228	\$ 30,731
<b>Total Expenditures</b>	<b>26,507</b>	<b>27,561</b>	<b>32,816</b>	<b>28,228</b>	<b>30,731</b>
Excess of Revenues Over Expenditures	3,499	2,442	10,531	1,828	(428)
Fund Balance - Beginning of Year	4,840	8,339	10,781	21,312	23,140
Prior Period Adjustment	0	0	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 8,339</b>	<b>\$ 10,781</b>	<b>\$ 21,312</b>	<b>\$ 23,140</b>	<b>\$ 22,712</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
WATER DISTRICT FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

AS OF DECEMBER 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>ASSETS</b>					
Cash	\$ 98,835	\$ 56,217	\$ 70,102	\$ 50,493	\$ 37,439
Restricted Cash	621,175	652,443	653,748	655,316	695,682
Prepaid Expenses	153	0	0	29,366	6,749
Water Receivables	<u>32,476</u>	<u>34,395</u>	<u>36,680</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 752,639</u>	<u>\$ 743,055</u>	<u>\$ 760,530</u>	<u>\$ 735,175</u>	<u>\$ 739,870</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ <u>40,145</u>	\$ <u>5,802</u>	\$ <u>2,581</u>	\$ <u>16,510</u>	\$ <u>1,998</u>
Total Liabilities	<u>40,145</u>	<u>5,802</u>	<u>2,581</u>	<u>16,510</u>	<u>1,998</u>
Fund Equity:					
Restricted	621,175	652,443	653,748	655,316	695,683
Assigned	91,319	84,810	104,201	63,349	42,189
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>712,494</u>	<u>737,253</u>	<u>757,949</u>	<u>718,665</u>	<u>737,872</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 752,639</u>	<u>\$ 743,055</u>	<u>\$ 760,530</u>	<u>\$ 735,175</u>	<u>\$ 739,870</u>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

TOWN OF RED HOOK  
WATER DISTRICT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

	AS OF DECEMBER 31:				
	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
Real Property Taxes	\$ 5,869	\$ 5,217	\$ 4,978	\$ 5,796	\$ 6,729
Departmental Income	118,775	126,099	124,569	124,321	101,731
Use Of Money And Property	1,266	1,287	1,330	1,610	10,466
Sale of Property And Compensation For Loss	0	7,345	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	125,910	139,948	130,877	131,727	118,926
<b>EXPENDITURES:</b>					
Current:					
General Government Support	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Home and Community Services	127,171	113,804	108,776	169,579	98,371
Employee Benefits	1,371	1,385	1,405	1,431	1,349
Total Expenditures	128,542	115,189	110,181	171,010	99,720
Excess of Revenues Over Expenditures	(2,632)	24,759	20,696	(39,283)	19,206
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,632)	24,759	20,696	(39,283)	19,206
Fund Balance - Beginning of Year	747,031	712,494	737,253	757,949	718,666
Prior Period Adjustment	0	0	0	0	0
<b>Fund Balance - End of Year</b>	<b>\$ 744,399</b>	<b>\$ 737,253</b>	<b>\$ 757,949</b>	<b>\$ 718,666</b>	<b>\$ 737,872</b>

The financial data presented on this page has been excerpted from the Unaudited financial statements of the Town. Such resenatation however has not been audited.

**TOWN OF RED HOOK  
SUMMARY OF BUDGET  
FISCAL YEAR 2019**

	General Town Fund	General Outside Town Fund	Highway Fund	Fire Fund	Lighting District	Water District	Combined Totals
<b>ESTIMATED REVENUES:</b>							
Real Property Taxes	\$ 1,240,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,240,738
Real Property Taxes Items	17,000	0	0	0	0	0	17,000
Non-Property Tax Items (a)	73,000	460,000	0	0	0	0	533,000
Departmental Income	56,572	153,765	4,261	0	0	123,000	337,598
Intergovernmental Charges	22,432	0	95,000	0	0	0	117,432
Use Of Money And Property	96,552	250	500	300	31	2,000	99,633
Licenses And Permits	8,090	55,000	0	0	0	0	63,090
Fines And Forfeitures	35,000	0	0	0	0	0	35,000
Sale Of Property And Compensation For Loss	100	10,254	0	0	0	0	10,354
State Aid	314,264	49,571	184,733	0	0	0	548,568
Federal Aid		0	0	0	0	0	0
Miscellaneous	3,415	3,750	2,000	0	0	0	9,165
	<u>\$ 1,867,163</u>	<u>\$ 732,590</u>	<u>\$ 286,494</u>	<u>\$ 300</u>	<u>\$ 31</u>	<u>\$ 125,000</u>	<u>\$ 3,011,578</u>
<b>APPROPRIATIONS:</b>							
Current:							
General Government Support	\$ 775,237	\$ 46,360	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 824,097
Public Safety	11,000	212,967	0	376,346	0	0	600,313
Health	0	1,500	0	0	0	0	1,500
Transportation	199,913	36,000	986,903	0	30,000	0	1,252,816
Economic Assistance And Opportunity	8,000	0	0	0	0	0	8,000
Culture And Recreation	188,277	0	0	0	0	0	188,277
Home And Community Services	23,732	341,095	0	0	0	123,510	488,337
Employee Benefits	251,070	37,668	345,914	83,400	0	1,490	719,542
Debt Service	409,934	0	98,262	0	0	0	508,196
Total Appropriations	<u>\$ 1,867,163</u>	<u>\$ 675,590</u>	<u>\$ 1,433,579</u>	<u>\$ 459,746</u>	<u>\$ 30,000</u>	<u>\$ 125,000</u>	<u>\$ 4,591,078</u>
Excess (Deficiency) Of Estimated Revenues Over Appropriations	<u>0</u>	<u>57,000</u>	<u>(1,147,085)</u>	<u>(459,446)</u>	<u>(29,969)</u>	<u>0</u>	<u>(1,579,500)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Interfund Transfers (In)	0	0	(57,000)	0	0	0	(57,000)
Interfund Transfers (Out)	<u>0</u>	<u>(57,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,000)</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>(57,000)</u>	<u>(57,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(114,000)</u>
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Sources Over Appropriations and Other Financing Uses	<u>0</u>	<u>0</u>	<u>(1,204,085)</u>	<u>(459,446)</u>	<u>(29,969)</u>	<u>0</u>	<u>(1,693,500)</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,204,085</u>	<u>\$ 459,446</u>	<u>\$ 29,969</u>	<u>\$ 0</u>	<u>\$ 1,693,500</u>

**TOWN OF RED HOOK  
SUMMARY OF BUDGET  
FISCAL YEAR 2020**

	General Town Fund	General Outside Town Fund	Highway Fund	Fire Fund	Lighting District	Water District	Combined Totals
<b>ESTIMATED REVENUES:</b>							
Real Property Taxes	\$ 1,250,644	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,250,644
Real Property Taxes Items	17,000	0	0	0	0	0	17,000
Non-Property Tax Items (a)	88,000	515,000	0	0	0	0	603,000
Departmental Income	109,781	146,765	2,530	0	0	124,000	383,076
Intergovernmental Charges	15,400	0	71,500	0	0	0	86,900
Use Of Money And Property	115,552	8,000	4,300	19,500	320	8,952	156,624
Licenses And Permits	6,090	55,000	0	0	0	0	61,090
Fines And Forfeitures	43,000	0	0	0	0	0	43,000
Sale Of Property And Compensation For Loss	100	10,754	0	0	0	0	10,854
State Aid	321,492	32,479	184,733	0	0	0	538,704
Federal Aid	0	0	0	0	0	0	0
Miscellaneous	6,095	2,850	2,000	0	0	0	10,945
	<u>\$ 1,973,154</u>	<u>\$ 770,848</u>	<u>\$ 265,063</u>	<u>\$ 19,500</u>	<u>\$ 320</u>	<u>\$ 132,952</u>	<u>\$ 3,161,837</u>
<b>APPROPRIATIONS:</b>							
Current:							
General Government Support	\$ 795,132	\$ 54,470	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 852,102
Public Safety	14,000	217,270	0	395,411	0	0	626,681
Health	0	2,500	0	0	0	0	2,500
Transportation	190,687	36,000	995,211	0	30,300	0	1,252,198
Economic Assistance And Opportunity	8,000	0	0	0	0	0	8,000
Culture And Recreation	253,585	0	0	0	0	0	253,585
Home And Community Services	36,724	329,590	0	0	0	131,428	497,742
Employee Benefits	269,929	39,673	353,667	83,400	0	1,524	748,193
Debt Service	405,097	0	111,307	0	0	0	516,404
Total Appropriations	<u>\$ 1,973,154</u>	<u>\$ 679,503</u>	<u>\$ 1,462,685</u>	<u>\$ 478,811</u>	<u>\$ 30,300</u>	<u>\$ 132,952</u>	<u>\$ 4,757,405</u>
Excess (Deficiency) Of Estimated Revenues Over Appropriations	<u>0</u>	<u>91,345</u>	<u>(1,197,622)</u>	<u>(459,311)</u>	<u>(29,980)</u>	<u>0</u>	<u>(1,595,568)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Interfund Transfers (In)	0	0	91,345	0	0	0	91,345
Interfund Transfers (Out)	0	(91,345)	0	0	0	0	(91,345)
Total Other Financing Sources (Uses):	<u>0</u>	<u>(91,345)</u>	<u>91,345</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Estimated Revenues and Other Financing Sources Sources Over Appropriations and Other Financing Uses	<u>0</u>	<u>0</u>	<u>(1,106,277)</u>	<u>(459,311)</u>	<u>(29,980)</u>	<u>0</u>	<u>(1,595,568)</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,106,277</u>	<u>\$ 459,311</u>	<u>\$ 29,980</u>	<u>\$ 0</u>	<u>\$ 1,595,568</u>

**APPENDIX C**

**LINK TO  
UNAUDITED FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019**

**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/RE1459138.pdf>

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

**APPENDIX D**

**FORM OF BOND COUNSEL'S OPINION**



**FORM OF OPINION OF BOND COUNSEL  
IN CONNECTION WITH  
\$985,000\* Public Improvement Refunding (Serial) Bonds, Series 2020**

Upon delivery of the Bonds at the Closing Date, Rodenhausen Chale & Polidoro LLP,  
Rhinebeck, NY, Bond Counsel to the Town, proposes to issue its approving opinion as to the  
Bonds in substantially the following form:

December \_\_\_, 2020

Town of Red Hook  
7340 South Broadway  
Red Hook, New York 12571

Re: Town of Red Hook  
Dutchess County, New York  
\$985,000\* Public Improvement Refunding (Serial) Bonds, Series 2020

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Red Hook, Dutchess County, New York (the "Issuer") in connection with the issuance of its Public Improvement Refunding (Serial) Bonds, Series 2020, dated December \_\_\_, 2020, in the aggregate principal amount of \$985,000\* (the "Bonds").

The Bonds have been designated or deemed designated by the Issuer as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

We have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the transcript of proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. In our examination, we have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies.

Based upon our examination of the foregoing and subject to the limitations contained herein, we are of the opinion that, under existing law,

(1) The Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute the valid and legally binding general obligations of the Issuer, for the payment of which the Issuer has validly pledged its faith and credit, and all the taxable real property within the boundaries of the Issuer is subject to the

levy of ad valorem taxes to pay the Bonds and interest thereon, subject to certain statutory limitations which may be imposed by Chapter 97 of the Laws of 2011, as amended.

(2) Interest on the Bonds is not includable in gross income for federal income tax purposes pursuant to Section 103 of the Code and is not treated as an “item of tax preference” for the purposes of the federal alternative minimum tax imposed on individuals under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remains excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, restrictions on the investment and use of proceeds of the Bonds and the rebate of certain earnings in respect of such investments to the United States. Noncompliance may cause interest on the Bonds to become subject to Federal income taxes retroactive to the date of issue of the Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. On the date of issuance of the Bonds, the Issuer will execute and deliver an Arbitrage and Use of Proceeds Certificate with respect to the Bonds which will contain provisions and procedures relating to compliance with applicable requirements of the Code. The Arbitrage and Use of Proceeds Certificate will include the Issuer’s certification to the effect that the Issuer will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Bonds is not included in gross income.

In rendering the opinion set forth in this paragraph 2, we have relied upon and assumed the material accuracy of the Issuer’s certifications, statements of intention and reasonable expectation, and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the status of interest on the Bonds and compliance by the Issuer with the procedures and certifications set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

(3) Interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as set forth in paragraphs 2 and 3 above, we express no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights generally heretofore or hereafter enacted, and by equitable principles, whether considered at law or in equity.

The scope of our engagement as bond counsel in relation to the issuance of the Bonds has extended solely to rendering the opinions expressed herein, and the opinions expressed herein 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 Issuer, together with other legally available sources of revenue, if any, will be sufficient to enable the Issuer to pay the principal of

or interest on the Bonds as the same respectively become due and payable. We have not been asked to and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement, or any other offering materials which may have been furnished to the purchasers of the Bonds, and we express no opinion with respect thereto.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. We express no opinion as to the Bonds or the interest thereon if any change occurs or action is taken upon the advice or approval of counsel other than Rodenhausen Chale & Polidoro LLP.