

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2021

NEW & RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "TAX MATTERS" herein.

The District will not designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

MARLBORO CENTRAL SCHOOL DISTRICT ULSTER AND ORANGE COUNTIES, NEW YORK

\$16,499,279 BOND ANTICIPATION NOTES – 2021 (the "Notes")

Dated Date: June 29, 2021

Maturity Date: June 29, 2022

The Notes are general obligations of the Marlboro Central School District, in Ulster and Orange Counties, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The Notes will be issued as registered notes, and at the option of the purchaser(s), may be registered to the Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of the purchaser(s).

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

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

The Notes are dated June 29, 2021 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser(s) of the Notes, payable on maturity. The Notes will mature on June 29, 2021. The Notes will not be subject to optional redemption prior to maturity.

Interest on the Notes will be calculated on a 30-day month and 360-day year basis.

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about June 29, 2021.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR NOTES AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: June __, 2021

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

**MARLBORO CENTRAL SCHOOL DISTRICT
ULSTER AND ORANGE COUNTIES, NEW YORK**

BOARD OF EDUCATION

Frank Milazzo.....President
John Cantone Vice President
Michael Connors Board Member
Joann Reed Board Member
James Mullen..... Board Member
John Marro Board Member
Karen Brooks..... Board Member

DISTRICT OFFICIALS

Michael M. Brooks..... Superintendent of Schools
Rosanne MeleAssistant Superintendent for Business
and Personnel
Suzanne Smith..... Business Manager
Debbie Pagano..... District Treasurer
Cindy Storno.....District Clerk

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

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

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
MARLBORO CENTRAL SCHOOL DISTRICT
ULSTER AND ORANGE COUNTIES, NEW YORK**

relating to

**\$16,499,279
BOND ANTICIPATION NOTES - 2021
(the "Notes")**

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the Marlboro Central School District, Ulster and Orange Counties, in the State of New York (the "District," "County" and "State" respectively), in connection with the sale of \$16,499,279 Bond Anticipation Notes – 2021 (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and Laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes 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 District's overall economic situation and outlook (and all of the specific District 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.

THE NOTES

Description of the Notes

The Notes will be dated and will mature, without option of prior redemption, as set forth on the front cover page.

Authority for and Purpose of the Notes

The Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law, the Local Finance Law and a bond resolution duly adopted by the Board of Education on June 17, 2019 following the approval by the qualified voters of the District on May 21, 2019 of a bond proposition authorizing the issuance of \$16,499,279 in serial bonds to authorize the construction of improvements and alterations to various District building and/ or sites (the "Project"). A \$10,400,000 portion of the proceeds of the Notes will renew in full, a like amount of bond anticipation Notes maturing on June 30, 2021. The \$6,099,279 balance of the proceeds of the Notes will provide additional original financing for the Project.

Optional Redemption for the Notes

The Notes are not subject to prior redemption.

Nature of the Obligation

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. Chapter 97 of the Laws of 2011, as amended (the “*Tax Levy Limit Law*”), imposes a limitation on the power of local governments and school districts, including the District, increase their annual tax levy. The amount of such year-to-year increase limited by the formulas set forth in the Tax Levy Limit Law. However, the Tax Levy Limit Law, as amended, expressly provides an exception from the annual tax levy limitation for any taxes levied to pay the local share of debt service on notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such notes. As the Notes are being issued to finance voter approved capital expenditures, the Notes qualify for such exception to the annual tax levy limitation. (See “*The Tax Levy Limit Law*” herein).

Book-Entry-Only System

The following applies to the Notes, if issued in book-entry form. DTC will act as securities depository for the Notes if so requested. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP deposited with DTC.

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

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

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

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

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

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

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

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

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

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

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

PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION 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 NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Source: The Depository Trust Company.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the state of New York to be named by the District. Notes may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Notes of the same if any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in respective Certificates of Determination executed by the President of the Board of Education authorizing the sale of the Notes and fixing the details thereof and in accordance with the Local Finance Law.

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a

judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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 District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

No Past Due Debt

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and/or interest on any indebtedness.

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes 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. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any 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 or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

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

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to 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 Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are 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 Notes. 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 District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District 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"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District 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 District 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 District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a

counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “State Aid” herein.)

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See “State Aid” and “Events Affecting New York School Districts” herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

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 District’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 has reduced the spread of the virus in some areas 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 District’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 District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” and “Events Affecting New York School Districts” herein).

The District 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”). The District’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District 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 District 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 District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (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 Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (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 District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “The 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 District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

LITIGATION

General Matters. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years

Tax Certiorari Claims. The District is aware of a recent settlement of tax certiorari proceedings brought by the second largest taxpayer, Orchard Hills Landing, challenging the 2017, 2018, 2019 and 2021 assessments in the Town of Newburgh. The reduction in assessments will result in a refund of school taxes for the 2017-18, 2018-19 and 2019-20 fiscal years totaling \$570,000 to be paid in two separate equal installments, one during the 2021-21 fiscal year and the second during the 2021-22 fiscal year. The District does not anticipate that the refund will be materially adverse to its fiscal position as the first installment will be paid out of undesignated fund balance and the second installment will be paid out of a tax certiorari reserve fund that has been established by the Board of Education.

Other Items. At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future.

The Danskammer Facility recently had the PILOT Agreement with Orange County Industrial Development Agency extended for an additional four years through 2025. The anticipated revenue from this PILOT agreement is in line with district projections resulting in no significant net impact on previous financial forecasts.

The challenge of the state's economy and its effect on state aid funding levels continues to face the District.

Source: District Officials

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certificates described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and

statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary and desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the 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, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes 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.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (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 date, interest rate, and credit terms) means the first price at which at least 10 percent of such 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 Notes. In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Note having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes 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 Notes.

In general, under Section 1288 of the Code, OID on a Discount Note 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 Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. 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 Note even though there will not be a corresponding cash payment.

Owners of Discount Notes 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 Notes.

Note Premium

In general, if an owner acquires a Note 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 Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note 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 Note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note 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 Note may realize a taxable gain upon disposition of the Premium 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 Note should consult their own tax advisors regarding the treatment of note 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 note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. 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 if 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.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross

income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes 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 Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

CYBERSECURITY

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

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Notes

At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Events" substantially as set forth in Appendix E.

RATINGS

The Notes have not been rated.

S&P Global ("S&P") had assigned the District an underlying rating of "A+" to the uninsured outstanding bonded indebtedness of the District.

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

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Rosanne Mele, Assistant Superintendent for Business and Personnel, 21 Milton Turnpike, Milton, NY 12547, 845-236-8000, e-mail: ROSANNE.MELE@marlboroschools.org, or from Capital Markets Advisors, LLC, the District's Municipal Advisor, at (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Notes.

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

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

**MARLBORO CENTRAL SCHOOL DISTRICT
ULSTER AND ORANGE COUNTIES, NEW YORK**

By: _____
Frank Milazzo
President of the Board and Chief Fiscal Officer

DATED: June __, 2021

APPENDIX A

THE DISTRICT

General Information

The District is located on the west bank of the Hudson River approximately 60 miles north of New York City. The District is approximately 51 square miles and includes most of the Town of Marlborough and a portion of the Town of Plattekill, both located in Ulster County, and a portion of the Town of Newburgh in Orange County. Commercial facilities in the area generally include professional buildings and suburban shopping centers. The District maintains six school buildings, with an enrollment of 2,042 students for the 2018-19 fiscal year, and a projected enrollment of 1,848 students for the 2019-20 fiscal year.

Residents are employed locally and throughout the general Hudson Valley region, including in New York City. Unemployment rates are not reported for the District but rates for both Ulster County and Orange County have historically been below State and national averages. Income and home values in the District are generally higher than the averages reported for both Counties or for the State. (See “Economic and Demographic Data,” herein).

Residents of the District receive their basic municipal services from the towns making up the District. Ulster County and Orange County provide social and certain health related programs to their respective residents and also sponsor two-year community colleges offering associates degrees in various fields of study.

District Organization

The District is an independent entity governed by an elected Board of Education comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District including the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are chosen on a rotating basis by qualified voters at the annual election of the District. The term of office for each board member is 3 years and the number of terms that may be served is unlimited. Each year the board selects from its members a president who serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill its responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools, who serves at its pleasure and is the Chief Executive Officer of the District and the education system. The Superintendent enforces all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Certain of the financial functions of the District are the responsibility of the Assistant Superintendent for Business and Personnel and the District Treasurer, who are also appointed by the Board.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the Chief Fiscal Officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent of Business and Personnel, the District Treasurer, and the District Clerk.

Financial Statements and Accounting Procedures

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

See Audited Financial Statement as of and for the year ended June 30, 2020, “Notes to Financial Statements.”

Budgetary Procedure

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

provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*The Tax Levy Limit Law*” herein).

The budget for the 2021-22 fiscal year was approved by a majority of the voters of the District on May 18, 2021. See Appendix B of this Filing Statement for a summary of the 2021-22 adopted budget of the District.

School Enrollment Trends

School enrollment trends are outlined below.

<u>Fiscal Years Ended June 30:</u>	<u>Enrollments</u>
2016 (Actual)	2,098
2017 (Actual)	1,924
2018 (Actual)	2,025
2019 (Actual)	2,042
2020 (Actual)	2,058
2021 (Actual)	1,911
2022 (Projected)	1,913
2023 (Projected)	1,901
2024 (Projected)	1,888

Source: District Officials.

District Facilities

The District operates six school buildings, statistics relating to each are shown below.

<u>Name</u>	<u>Capacity</u>	<u>Year Built</u>	<u>Grades</u>
Marlboro High School	610	1967	9-12
Marlboro Middle School	599	1937	6-8
Marlboro Elementary School	298	1960	K-2
Marlboro Intermediate School	537	1960	3-5
Middle Hope Elementary School ⁽¹⁾	132	1956	K-2
Milton Elementary School ⁽²⁾	132	1936	K-2

(1) A portion of the building is leased to Hudson Hills Academy.

(2) A portion of the building is leased by the Town of Marlborough for administrative purposes.

Source: District Officials.

Employees

The District provides services through approximately 317 employees. Employees are represented by the following units of organized labor.

<u>Union</u>	<u>No. of Employees</u>	<u>Contract Expiration Date</u>
Marlboro Faculty Association	183	June 30, 2019 ⁽¹⁾
Operations & Food Service	50	June 30, 2022
School Administrators Association of NYS	7	June 30, 2022
Marlboro Teachers’ Aide Association	63	June 30, 2022
Marlboro Secretarial Association	21	June 30, 2022

(1) Currently under negotiations.

Source: District Officials.

Additional information regarding employee contracts can be obtained by visiting the Districts website: (<http://marlboroschools.schoolwires.com/Page/3865>)

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers

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

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

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

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

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions in the near future.

The New York State ERS rate for the 2020-21 fiscal year was 14.6%. The 2021-22 ERS rate will increase to 16.2%. The 2019-20 TRS rate was 8.86%. The 2020-21 TRS rate is 9.53%

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

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

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

Retirement Billing Procedures

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

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

The amounts contributed to ERS and TRS for the fiscal years ended June 30, 2015 through 2019 are as follows:

<u>Fiscal Year Ended June 30</u>	<u>TRS</u>	<u>ERS</u>
2016	3,142,627	720,761
2017	2,454,103	714,514
2018	2,226,176	687,316
2019	2,003,605	688,047
2020	2,196,099	796,014
2021 (Budgeted)	2,078,633	794,842
2022 (Budgeted)	2,127,171	761,462

Source: The Audited Annual Financial Statements of the District. The Summary itself is not audited.

See Audited Financial Statements “Notes to Financial Statements,” Note VIII, Pension Plans, in the Audited Financial Statements for the year ended June 30, 2020.

Other Post Employment Benefits

The District implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The District’s total OPEB liability as of June 30, 2019 was \$108,310,553 using a discount rate of 3.87% and actuarial assumptions and other inputs as described in the District’s June 30, 2019 audited financial statements.

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

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

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

See “Note XC” in the Audited Financial Statements for the fiscal year ended June 30, 2020.

Investment Policy

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

Authorized Investments. The District has designated four bank or trust companies which are located and authorized to conduct business in the State to receive deposits of money. In addition, the District has authorized investments in an investment cooperative. The District is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States, where the payment of principal and interest are further guaranteed by the United States of America, and obligations of the State. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District bank deposits in excess of the applicable insurance coverage provided by the Federal Deposit Insurance Act must be secured in accordance with the provisions of Section 10 of the General Municipal Law of the State. Such collateral may consist of the "eligible securities," "eligible letters of credit" and "eligible surety bonds" made payable to the District.

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

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or 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 a claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2020 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Real Property Taxes

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

The following table sets forth General Fund revenue and real property tax revenue during the last five audited fiscal years, and real property tax revenue budgeted for the most recent fiscal year.

General Fund Revenue to Real Property Taxes

<u>Fiscal Year</u>	<u>General Fund Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenue</u>
2015-16	\$51,103,520	\$32,711,991	64.0%
2016-17	50,016,814	31,445,133	62.9%
2017-18	50,066,882	30,117,191	60.2%
2018-19	51,613,952	31,043,323	60.1%
2019-20	54,376,711	33,324,958	61.3%
2020-21 (Budgeted)	58,363,438	36,331,599	62.3%
2021-22 (Budgeted)	58,363,438	35,231,599	60.4%

Source: The Audited Financial Statements and the 2020-21 and 2021-22 Adopted Budgets of the District. The summary itself is not audited.

State Aid

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

The following table sets forth General Fund revenue and State aid revenue during the last five audited fiscal years, and State aid budgeted for the most recent fiscal year.

General Fund Revenue to State Aid

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenue</u>
2015-16	\$51,103,520	\$14,886,531	29.1%
2016-17	50,016,814	13,723,503	27.4%
2017-18	50,066,882	14,987,119	29.9%
2018-19	51,613,952	16,937,546	32.8%
2019-20	54,376,711	16,124,392	29.7%
2020-21 (Budgeted)	58,363,438	17,267,120	29.6%
2021-22 (Budgeted)	58,363,438	19,379,784	33.2%

Source: The Audited Financial Statements and the 2020-21 and 2021-22 Adopted Budgets of the District. The summary itself is not audited.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State has 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 for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that without federal funding the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State.

The State’s 2019-2020 Enacted Budget provided for school aid of approximately \$27.9 billion, an increase of more than \$1 billion in school aid spending from the 2018-2019 school year. Due to significant State revenue loss as a result of the

impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds on or about June 30, 2021.

The State's 2021-22 Enacted Budget provides \$29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represents an increase of \$3.0 billion or 11.3 percent compared to the 2020-21 school year, and includes a \$1.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase is targeted to high-need school districts.

The State's 2021-22 Enacted Budget also programs \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund to public schools. This funding available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2021-22 Enacted Budget was adopted on April 7, 2021. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

As described above, the State's 2020-21 Enacted Budget included, and the State's 2021-22 Enacted Budget includes, significant amounts of federal funding. 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, the COVID-19 pandemic, 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 Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget.

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

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

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

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in

Campaign for Fiscal Equity (“CFE”) v. State of New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in Campaign for Fiscal Equity (“CFE”) v. State of New York, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled NYSER v. State of New York has been filed recently on behalf of the State’s public-school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in CFE v. State of New York. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

See also, “Emergency State Aid,” herein.

Events Affecting State Aid

School district fiscal year (2016-17): The State budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the budget included a \$266 million increase in Foundation Aid and \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Community Schools Aid funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The budget also featured the elimination of the Gap Elimination Adjustment (“GEA”) that had been instituted in the State’s 2010-11 to 2012-13 fiscal years to address State funding shortfalls due to the ongoing effects of a recession. Under the GEA legislation, a portion of the funding shortfall was divided among all school districts across the State, resulting in a reduction in school district general aid funds.

School district fiscal year (2017-18): The State budget included an increase of \$1.1 billion in State Aid to school districts, including a \$700 million increase in Foundation Aid. The budget included School Aid spending of \$25.8 billion, an increase of 4.4% from the prior fiscal year.

School district fiscal year (2018-19): The budget increased Education Aid by \$1 billion, including a \$619 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to \$26.7 billion or an increase of 3.9 percent.

School district fiscal year (2019-20): The budget increased Education aid by more than \$1 billion which included a \$618 million dollar increase in Foundation Aid. The new Education Aid total is \$27.9 billion — an increase of 3.8%. The budget direct a majority of such additional funding (over 70%) to the State’s more economically disadvantaged school districts.

School district fiscal year (2020-21): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a “Pandemic Adjustment”), the decrease in State aid be fully offset by the State’s allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State Aid from the 2019-2020 year.

School district fiscal year (2021-22): The State budget includes large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten that will provide funding to 200 school districts that didn’t previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget,

this budget provides that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid is increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the *Campaign for Fiscal Equity* case from the early 2000s.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities will receive a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

See "COVID-19," herein, for further details on such pandemic and its effects on the State.

The State budget for the 2021-22 fiscal year provides \$18.13 million of State Aid to the District, a 15.96% increase from the District's 2020-21 fiscal year.

The District presently anticipates an increase in its State Aid related to foundation aid for its 2021-2022 fiscal year in an amount of \$1,858,837.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$62,600 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

Emergency State Aid

The District has received \$4,000,000 in emergency State aid in both the 2013-2014 school year and the 2014-2015 school year. The District received \$3,056,260 in State Aid prior year adjustment money in the 2015-2016 school year. In the 2016-2017 school year neither of these revenues were received. This was a significant reduction in revenue. The District has a long term plan to utilize reserves in order to mitigate the effect of, and gradually reduce the dependence on, these types of one time revenues. In 2016-2017 the district began using reserves to fund operations in accordance with the long term plan to stabilize revenue in the longer term.

Other Revenues

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

Independent Audits

Audit Financial Statements. The financial statements of the District are audited each year by an independent public accountant. For the fiscal year ended June 30, 2020, the audit was performed by the firm of Raymond G. Preusser, CPA, P.C., Certified Public Accountants. A copy of such report together with the financial statements and notes thereto has been filed with the Municipal Securities Rulemaking Board (<http://www.emma.msrb.org/>). Additional years of District audits are also on file with the Municipal Securities Rulemaking Board.

Summary financial statements for the five years ended June 30, 2019 are presented in Appendix B of this Filing Statement. The statements were compiled from the audited financial statements of the District, however, the presentation of these statements has not been audited. The statements are not considered audited under accounting principles generally accepted in the United States of America because the notes to the statements and the auditor's report thereon have been omitted. Copies of the District's audited financial statements will be made available upon request.

In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

State Audits. A State audit report reviewing the District officials' outside business activities for the period July 1, 2011 through November 14, 2013 was made available by the State on February 6, 2015. Full copies of the State audit may be obtained by visiting the New York State Comptroller's Local Government and School Accountability website.

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 District as "No Designation," with a fiscal score of 6.7% and an environmental score of 15.0%. (<https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2020-school-summary-list.pdf>)

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The complete report can be obtained from OSC's website.

REAL PROPERTY TAXES

Real Property Tax Assessments and Rates

The following is the Real Property Tax Assessment and Rates for the last five fiscal years ending June 30:

Real Property Tax Assessments, Levies and Collections					
<u>Fiscal Years Ended June 30:</u>					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Values:					
Marlborough	\$697,615,534	\$701,361,194	\$712,906,795	\$719,788,625	\$727,820,221
Newburgh	174,763,050	174,767,365	151,018,108	162,326,546	149,380,831
Plattekill	44,321,268	43,049,175	43,460,223	43,979,526	44,320,751
Total Assessed Values	<u>\$916,699,852</u>	<u>\$919,177,734</u>	<u>\$907,385,126</u>	<u>\$926,094,697</u>	<u>921,521,803</u>
Equalization Rates: ⁽¹⁾					
Marlborough	100.00%	100.00%	95.00%	90.00%	87.00%
Newburgh	36.00%	34.44%	32.20%	29.95%	28.25%
Plattekill	100.00%	100.00%	96.00%	88.50%	84.00%
Full Values:					
Marlborough	\$697,615,534	\$701,361,194	\$750,428,205	\$799,765,139	\$836,574,967
Newburgh	485,452,917	507,454,602	469,000,335	54,991,806	528,781,703
Plattekill	44,321,268	43,049,175	45,271,066	46,694,380	52,762,799
Total Full Values	<u>\$1,227,389,719</u>	<u>\$1,251,864,971</u>	<u>\$1,264,699,606</u>	<u>\$1,391,451,325</u>	<u>\$1,418,119,468</u>
Tax Levy ⁽²⁾	<u>\$34,212,916</u>	<u>\$35,956,752</u>	<u>\$35,686,305</u>	<u>\$36,331,599</u>	<u>\$35,231,599</u>
Tax Rate Per \$1,000					
Assessed Value:					
Marlborough	\$27.87	\$27.11	\$29.68	\$29.01	\$28.56
Newburgh	77.43	78.73	87.57	87.18	87.94
Newburgh Designated Property ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Plattekill	27.87	27.11	29.27	29.50	29.58

(1) The State Office of Real Property Tax Services (the "ORPTS"). All equalization rates shown are final rates.

(2) Gross tax levy prior to STAR exemptions. Includes library taxes.

(3) In previous years, the District has adopted the provisions for Section 1316 of the Real Property Tax Law to compute the tax rate applicable to properties owned by CCI Roseton (formally Dynegy). Under this section of law, the District is able to obtain a more equitable distribution of the tax burden among non-designated properties in the District. Properties eligible for designation must constitute 5% of the total assessed values of the assessing unit and have full value of at least \$5.0 million. However, giving effect to reductions in the assessed value of the Roseton properties, the District does not anticipate it will benefit from this provision of the law in future fiscal years.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011, as amended, imposes a statutory limit on the amount of real property taxes that a school district may levy. (See "*The Tax Levy Limit Law*" herein.)

The Tax Levy Limit Law

Chapter 97 of the Laws of 2011, as amended (herein referred to as the "Tax Levy Limit Law" or "Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the

Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Notes) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*Nature of Obligation*" herein).

Tax Collection Procedures

The District derives its power to levy ad valorem real property taxes from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law, subject to applicable statutory limitations. Real property assessment rolls used by the District are prepared by various towns making up the District. Assessment valuations are determined by each town assessor and the ORPTS which assesses certain utility and railroad property. In addition, the ORPTS annually establishes equalization rates for all localities in the State that are determined by statistical sampling of market sales/assessment studies. The equalization rates are used by the District to apportion taxes among its component towns and to calculate its constitutional debt limit.

The Board of Education of the District levies real property taxes which become a lien upon the final adoption of the school tax roll by the Board of Education. School taxes are collected by a District appointed tax collector in the towns of Marlborough and Plattekill and the Receiver of Taxes and Assessments in the Town of Newburgh. Such taxes are collected between September 1 and November 1 and may be paid during the month of September without interest. Generally, payments received on or after October 1 must include interest computed at 1% per month from September 1. On or about November 1, the various school tax collecting officers transmit a listing of unpaid taxes to the District. Certified listings of unpaid taxes must be transmitted to the County of Orange or the County of Ulster not later than November 15.

Unpaid school taxes with 7% added thereto are relieved by the respective counties and thereafter collected and enforced in the same manner as real property taxes levied for county purposes. The counties must remit the full amount of unpaid taxes to the District by April 1 of the succeeding calendar year. Thus the District is guaranteed 100% of its taxes in the year of levy.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016, by the Court of Appeals, NY's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

According to the New York State Department of Taxation and Finance, homeowners 65 years of age or older with qualifying household incomes receive an enhanced STAR exemption. Other homeowners are eligible to receive a basic exemption. For 2019-20 the District submitted a request to the State for a \$2,338,521 reimbursement for STAR exemptions, which equated to 5304 enhanced exemptions and 1,720 basic exemptions. The District received the full amount of the reimbursement (See "*State Aid*" herein).

Ten of the Largest Taxpayers

The following table presents the taxable assessed valuation of the District's largest taxpayers as listed on the assessment rolls for the 2020-2021 school year.

Ten Largest Taxpayers (2020-2021 Fiscal Year Tax Collections)

<u>Name</u>	<u>Nature of Business</u>	<u>Full Valuations</u>	<u>% Assessed Value</u>
CCI Roseton	Public Utility	\$129,476,900	9.13%
Orchard Hills	Rentals	38,000,000	2.68%
Central Hudson Gas & Electric	Public Utility	28,749,348	2.03%
Buckeye (Hess Oil & Chemical)	Oil	13,136,474	0.93%
CSX	Transportation	8,421,053	0.59%
Candlestick Park, LLC	Mobile Homes	4,607,600	0.32%
Galaxy Storage Two LP	Storage	4,260,900	0.30%
HAM III Realty	Commercial	3,235,053	0.23%
Osborn, Stephen	Private	2,319,895	0.16%
Bottling of Milton, Inc.	Cold Storage	<u>1,984,947</u>	<u>0.14%</u>
Total		<u>\$234,192,170</u>	<u>16.51%</u>

(1) The full value for 2020-21 was \$1,418,119,468.
Source: District Officials.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the periods of probable usefulness of the objects or purposes determined by statute or the weighted average period of probable usefulness thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

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

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The

power to spend money, however, generally derives from other law, including the Education Law.

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

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

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

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

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Statutory Debt Limit and Net Indebtedness

The following table presents the debt contracting power of the District as of June 9, 2021.

**Computation of Statutory Debt Contracting Limitation
As of June 9, 2021**

	<u>Assessed Valuation</u>	<u>Equalization Rate ⁽¹⁾</u>	<u>Full Valuation</u>
Town of Marlborough	\$727,820,221	87.00%	836,574,967
Town of Newburgh	149,380,831	28.25%	528,781,703
Town of Plattekill	44,320,751	84.00%	<u>52,762,799</u>
			<u>\$1,418,119,469</u>
Debt-Contracting Limitation: (10% of Full Valuation)			<u><u>\$141,811,947</u></u>

(1) The ORPTS.
Source: District Officials.

**Statutory Debt Limit and Net Indebtedness
As of June 9, 2021**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation: ⁽¹⁾	\$141,811,947	100.00%
Gross Indebtedness:		
Bonds	26,145,000	18.44%
Bond Anticipation Notes	<u>10,400,000</u>	<u>7.33%</u>
Less Exclusions and Deductions: ⁽²⁾	<u>-0-</u>	<u>0.00%</u>
Net Indebtedness	<u>\$36,545,000</u>	<u>25.77%</u>
Net Debt Contracting Margin	<u><u>\$105,266,947</u></u>	<u><u>74.23%</u></u>

(1) Calculation based on 2019-20 values (see "Debt Contracting Limitation," above).
(2) Based on current State aid formulas, the District estimates that it will receive approximately \$25.3 million from State school building aid to pay the principal portion of its bonds. However, such amount has not been certified by the State Education Department and no deduction has been taken to compute the District's debt contracting margin.

Tax and Revenue Anticipation Notes

The District is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash for operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code of 1986, as amended. Such notes may be renewed from time to time but not beyond three years in the case of revenue anticipation notes or five years for tax anticipation notes.

District officials have not issued tax anticipation notes in the last 5 completed fiscal years and do not expect to issue cash flow notes in the foreseeable future.

Bond Anticipation Notes

Bond anticipation notes may be sold to provide moneys for various purposes once a 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 from the date of the first note. Notes may not be renewed after the second year unless there is a principal payment on such 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.

Following the issuance of the Notes, the District will have \$16,499,279 in bond anticipation notes that will mature on June 29, 2022.

Trend of Capital Indebtedness

The following table provides information relating to capital indebtedness outstanding as of June 30 for the years 2016 through 2020. Refunded debt has been excluded from this calculation.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$48,870,000	\$44,985,000	\$40,985,000	\$36,780,000	\$30,120,000
Bond Anticipation Notes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,400,000</u>
Total Outstanding	<u><u>\$48,870,000</u></u>	<u><u>\$44,985,000</u></u>	<u><u>\$40,985,000</u></u>	<u><u>\$36,780,000</u></u>	<u><u>\$40,520,000</u></u>

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total equalized values. The following table presents the amount of overlapping and underlying debt and the District's estimated share of this debt. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness As of June 9, 2021

Gross Direct Indebtedness				\$36,545,000
Exclusions and Deductions				<u>-0-</u>
Net Direct Indebtedness				<u>\$36,545,000</u>
	<u>Date Of Report</u>	<u>Net Debt Outstanding</u>	<u>Percent</u>	<u>Amount Applicable To District</u>
Orange County	06-26-20	\$276,472,000	1.34%	\$3,704,725
Ulster County	10-23-20	119,285,855	4.14%	4,938,434
Towns:				
Marlborough	12-31-19	3,441,306	96.84%	3,332,561
Newburgh	06-01-20	5,229,4069	14.19%	7,420,528
Plattekill	12-31-19	9,082	6.53%	<u>593</u>
Total Net Overlapping Debt				<u><u>\$19,396,841</u></u>

Source: Data provided by various municipal officials, the Office of the State Comptroller and the Municipal Securities Rulemaking Board.

Debt Ratios

The following table presents certain debt ratios relating to the District's indebtedness as of June 9, 2021. Such ratios do not include the effects of a \$25.3 million credit for estimated State building aid.

	<u>Amount</u>	<u>Debt Per Capita (1)</u>	<u>Debt to Full Value (2)</u>
Net Direct Debt	\$36,545,000	\$2,952	2.58%
Net Direct & Overlapping Debt	\$55,941,841	4,519	3.94%

(1) According to the US Census Bureau, the population of the District is estimated 12,379 for 2017.

(2) The District's full value of taxable real property for fiscal 2021-22 is \$1,418,119,468.

Authorized but Unissued Debt

On May 21, 2019, the qualified voters of the District approved a bond resolution authorizing the issuance of up to \$16,499,279 for a financing of the capital improvements project involving the partial reconstruction and renovation of, and the construction of certain improvements and upgrades to, various District buildings and facilities and the sites thereof. Following the issuance of the Notes, the District does not have any authorized and unissued indebtedness.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding serial bonds as of June 9, 2021.

Schedule of Debt Service Requirements

Years Ending June 30:	Outstanding Bonds:			Cumulative Principal Paid
	Principal	Interest	Total	
2021	\$0	521,850	521,850	0.00%
2022	2,925,000	970,575	3,895,575	11.19%
2023	3,085,000	820,325	3,905,325	22.99%
2024	3,270,000	691,225	3,961,225	35.49%
2025	3,375,000	585,175	3,960,175	48.40%
2026	3,500,000	472,200	3,972,200	61.79%
2027	3,155,000	355,575	3,510,575	73.86%
2028	3,265,000	238,175	3,503,175	86.35%
2029	1,160,000	149,500	1,309,500	90.78%
2030	1,165,000	91,375	1,256,375	95.24%
2031	1,245,000	31,125	1,276,125	100.00%
	<u>\$26,145,000</u>	<u>\$4,927,100</u>	<u>\$31,072,100</u>	

ECONOMIC AND DEMOGRAPHIC DATA

The following section provides economic and demographic information for the towns making up the District, the Counties and the State. Certain information is not available below the county level and, as such, that information may not necessarily represent conditions within the District.

Population

The population of the District is currently estimated to be 12,379 (2017 US Census data). Population trends for the Towns of Marlborough, Newburgh and Plattekill are presented below, together with comparative trends for Ulster and Orange Counties and the State.

	Population 2000 – 2017			% Change	
	2000	2010	2017	2000-2010	2010-2017
Towns:					
Marlborough	8,263	8,808	8,727	6.6%	(0.9)%
Newburgh	27,568	29,801	30,697	8.1	3.0
Plattekill	9,892	10,499	10,323	6.1	(1.7)
Counties:					
Ulster	177,749	182,493	180,129	2.7	(1.3)
Orange	341,367	372,813	378,174	9.2	1.4
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 tables provide comparative income statistics for the towns making up the District as well as Ulster and Orange Counties and the State. Such statistics do not necessarily represent conditions within the District.

Per Capita Money Income

	<u>2010</u>	<u>2017</u>	<u>% Change</u>
Towns:			
Marlborough	\$30,135	\$36,150	20.0%
Newburgh	33,906	37,686	11.2
Plattekill	23,972	33,817	41.1
Counties:			
Ulster	28,954	32,453	12.1
Orange	28,944	32,616	12.7
State	30,948	35,757	15.5

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

Median Income of Families 2017

	<u>Median</u> <u>Income</u>	<u>Under</u> <u>\$25,000</u>	<u>\$25,000</u> <u>-49,999</u>	<u>\$50,000</u> <u>-74,999</u>	<u>\$75,000</u> <u>-99,999</u>	<u>\$100,000</u> <u>or More</u>
Towns:						
Marlborough	\$89,975	9.1%	11.0%	17.6%	18.1%	44.2%
Newburgh	93,849	6.9	13.1	18.3	16.5	45.2
Plattekill	72,222	10.8	18.8	21.2	10.0	39.2
Counties:						
Ulster	77,336	10.6	19.0	18.9	14.3	37.6
Orange	90,243	10.6	14.6	16.2	14.2	44.5
State	77,141	14.6	18.1	16.1	13.1	38.1

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

Employment

Average Employed Civilian Labor Force 2000-2017

	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Change</u> <u>2000-2010</u>	<u>% Change</u> <u>2010-2017</u>
Counties:					
Ulster	84,900	86,300	84,800	1.6%	(1.7)%
Orange	155,800	166,800	173,200	7.1	3.8
State	8,718,700	8,769,700	9,249,200	0.6	5.5

Source: State Department of Labor.

Civilian Labor Force

(Thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Orange County	179.0	180.5	183.3	186.5	183.0
Ulster County	88.2	88.0	88.2	87.5	86.2
New York State	9,527.0	9,549.0	9,511.2	9,507.1	9,289.2

Source: New York State Department of Labor

Yearly Average Unemployment Rates

<u>Year</u>	<u>Orange County</u>	<u>Ulster County</u>	<u>State</u>
2016	4.4%	4.5%	4.9%
2017	4.5%	4.5%	4.6%
2018	3.9%	3.9%	4.1%
2019	3.6%	3.6%	3.8%
2020	8.4%	8.0%	10.0%

Monthly Unemployment Rates

<u>Month</u>	<u>Orange County</u>	<u>Ulster County</u>	<u>State</u>
April 2020	16.9%	16.7%	16.2%
May	12.8%	12.2%	15.7%
June	12.6%	11.6%	14.8%
July	12.4%	11.7%	14.8%
August	9.5%	8.8%	11.6%
September	6.5%	6.0%	9.9%
October	5.8%	5.5%	8.3%
November	5.8%	5.5%	8.3%
December	6.0%	5.8%	8.5%
January 2021	6.6%	6.7%	9.4%
February	6.8%	6.9%	9.7%
March	6.0%	6.2%	8.4%
April	5.3%	5.3%	7.8%

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

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

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

Source: Ulster County Development Corporation and Commerce Register Inc.

Housing Data

Housing Stock 2000 - 2017

	Number of Units			% Change	
	2000	2010	2017	2000-2010	2010-2017
Towns:					
Marlborough	3,176	3,502	3,883	10.3%	10.9%
Newburgh	10,122	11,280	11,888	11.4	5.4
Plattekill	3,888	4,110	4,264	5.7	3.7
Counties:					
Ulster	77,656	83,638	84,647	7.7	1.2
Orange	122,754	137,025	141,493	11.6	3.3
State	7,679,307	8,108,103	8,255,911	5.6	1.8

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

Median Housing Values and Rents 2017

	% Constructed 2010-2017	Median Value	Median	Occupancy Status		
		Owner Occupied Units	Rents Occupied Units	Owner Occupied	Renter Occupied	Vacant
Towns:						
Marlborough	1.8%	\$239,900	\$962	61.4%	27.1%	11.5%
Newburgh	2.6	250,600	1,438	74.5	17.3	8.2
Plattekill	2.5	198,700	925	73.9	19.8	6.3
Counties						
Ulster	0.4	221,600	1,053	57.1	25.2	17.7
Orange	2.4	260,300	1,187	61.1	28.3	10.6
State	1.8	293,000	1,194	47.8	40.7	11.5

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

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

**MARLBORO CENTRAL SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION**

AS OF JUNE 30:

	2016	2017	2018	2019	2020
ASSETS					
Unrestricted Cash	\$ 12,273,760	\$ 13,069,358	\$ 10,084,957	\$ 11,263,118	\$ 9,943,194
Restricted Cash	5,667,640	5,667,640	5,486,800	3,632,834	2,654,146
State and Federal Aid Receivable	894,942	1,038,016	1,164,467	1,240,334	1,383,202
Other Receivables, Net	474,112	276,823	498,525	300,053	386,758
Due From Other Funds	492,150	290,602	530,470	673,992	2,285,673
Total Assets	\$ 19,802,604	\$ 20,342,439	\$ 17,765,219	\$ 17,110,331	\$ 16,652,973
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 269,090	\$ 1,193,510	\$ 796,944	\$ 815,402	\$ 690,113
Accrued Liabilities	1,477,252	1,660,244	1,737,565	1,780,902	1,936,731
Due To Other Funds	0	0	100,000	0	0
Due To Other Governments	1,545,846	1,030,028	534,760	33,882	0
Due To Teachers' Retirement Systems	2,492,728	2,226,176	2,020,590	2,257,335	1,940,851
Due To Employees' Retirement Systems	165,655	171,729	168,513	169,463	153,578
Compensated Absences Payable	411,194	529,748	443,944	511,239	557,437
Total Liabilities	6,361,765	6,811,435	5,802,316	5,568,223	5,278,710
Fund Equity:					
Restricted	5,667,640	5,667,640	5,486,800	3,632,834	2,654,146
Assigned	4,955,170	4,601,724	4,200,561	5,574,736	4,812,507
Unassigned	2,818,029	3,261,640	2,275,542	2,334,538	3,907,608
Total Fund Equity	13,440,839	13,531,004	11,962,903	11,542,108	11,374,261
Total Liabilities and Fund Equity	\$ 19,802,604	\$ 20,342,439	\$ 17,765,219	\$ 17,110,331	\$ 16,652,971

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

Such presentation, however, has not been audited.

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

**MARLBORO CENTRAL SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES:					
Real Property Taxes	\$ 32,711,991	\$ 31,445,133	\$ 30,117,191	\$ 31,043,323	\$ 33,324,958
Real Property Tax Items	2,796,845	3,902,729	3,800,363	3,805,554	3,617,556
Charges For Services	195,002	144,004	124,519	83,733	187,223
Use Of Money And Property	115,438	209,209	392,894	392,811	405,573
Sale Of Property and Compensation For Loss	10,289	17,180	28,645	1,558	1,570
State Sources	14,886,531	13,723,503	14,987,119	15,725,358	16,124,392
Federal Sources	17,112	32,134	28,641	63,904	62,600
Miscellaneous	370,312	542,922	587,510	497,711	652,839
Total Revenues	<u>51,103,520</u>	<u>50,016,814</u>	<u>50,066,882</u>	<u>51,613,952</u>	<u>54,376,711</u>
EXPENDITURES:					
Current:					
General Support	4,544,446	4,945,551	4,946,409	5,125,987	5,045,890
Instruction	24,331,529	25,262,265	25,694,440	26,043,468	27,203,544
Pupil Transportation	3,392,863	3,462,764	3,381,991	3,504,500	3,213,443
Employee Benefits	10,717,508	10,863,645	11,764,350	11,994,466	12,256,163
Debt Service	5,624,455	5,624,531	5,587,306	5,610,963	5,570,130
Total Expenditures	<u>48,610,801</u>	<u>50,158,756</u>	<u>51,374,496</u>	<u>52,279,384</u>	<u>53,289,170</u>
Excess of Revenues Over Expenditures	<u>2,492,719</u>	<u>(141,942)</u>	<u>(1,307,614)</u>	<u>(665,432)</u>	<u>1,087,541</u>
OTHER FINANCING SOURCES (USES):					
Transfers - In	7,295	360,083	118	527,309	521,312
Transfers - Out	(176,690)	(127,976)	(260,605)	(282,672)	(1,776,700)
Total Other Financing Sources (Uses)	<u>(169,395)</u>	<u>232,107</u>	<u>(260,487)</u>	<u>244,637</u>	<u>(1,255,388)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>2,323,324</u>	<u>90,165</u>	<u>(1,568,101)</u>	<u>(420,795)</u>	<u>(167,847)</u>
Fund Equity - Beginning of Year	11,117,515	13,440,839	13,531,004	11,962,903	11,542,108
Fund Equity - End of Year	<u>\$ 13,440,839</u>	<u>\$ 13,531,004</u>	<u>\$ 11,962,903</u>	<u>\$ 11,542,108</u>	<u>\$ 11,374,261</u>

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

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

MARLBORO CENTRAL SCHOOL DISTRICT
SUMMARY OF ADOPTED BUDGET

	Adopted Budget <u>2020-21</u>	Adopted Budget <u>2021-22</u>
ESTIMATED REVENUES:		
Real Property Taxes (1)	\$ 36,331,599	\$ 35,231,599
State Aid	17,267,120	19,379,784
Other Revenues	1,290,358	1,346,065
Appropriated Fund Balance	<u>3,474,361</u>	<u>2,405,990</u>
TOTAL ESTIMATED REVENUES	<u>\$ 58,363,438</u>	<u>\$ 58,363,438</u>
 APPROPRIATIONS:		
General Support	\$ 5,857,679	\$ 5,948,438
Instruction	30,320,495	30,417,843
Pupil Transportation	3,357,217	3,424,075
Undistributed (Benefits, Transfers, Debt	<u>18,828,047</u>	<u>18,573,082</u>
TOTAL APPROPRIATIONS	<u>\$ 58,363,438</u>	<u>\$ 58,363,438</u>

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**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/MarketActivity/ContinuingDisclosureDetails/P21083526>

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

***Such Financial Statements and opinion are intended to be representative only as of
the date thereof. Raymond G. Preusser, CPA, P.C. has not been requested by the
District to further review and/or update such Financial Statements or opinion in
connection with the preparation and dissemination of this Official Statement.**

Hawkins Delafield & Wood LLP
7 World Trade Center, 250 Greenwich Street
New York, New York 10007

June 29, 2021

The Board of Education of the
Marlboro Central School District,
in the Counties of Ulster and Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Marlboro Central School District, in the Counties of Ulster and Orange (the “District”), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$16,499,279 Bond Anticipation Note-2021 (the “Note”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District represents that it 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 the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Marlboro Central School District, in the Counties of Ulster and Orange, a School District of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of June 29, 2021.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$16,499,279 Bond Anticipation Note-2021, dated June 29, 2021, maturing on June 29, 2022, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, 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, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) Issuance of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 29, 2021**.

MARLBORO CENTRAL SCHOOL DISTRICT

By _____
PRESIDENT OF THE BOARD OF EDUCATION